
# COMPANY EARNINGS UPDATES

# 30 AUGUST-3 SEPTEMBER 2021

2021 | By ThinkMarkets

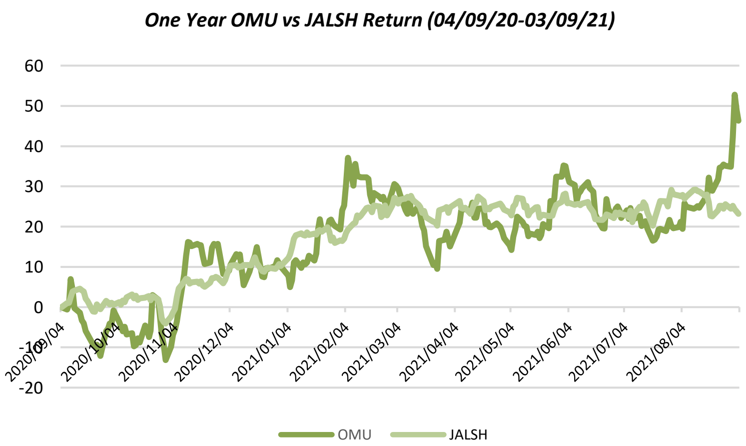
**Harmony Gold (HAR) Results for the year ended 30 June 2021 – 31 August 2021 (Tungamarai Mapanda)**


| *Highlights* | *Actual($m)* | *Growth* |
|---|---|---|
| *Revenue* | *R41.7 bn* | *43%* |
| *Gold Produced (Kg)* | *R47.7 bn* | *26%* |
| *Net profit* | *R5.6bn* | *195%* |
| *HEPS* | *923 c* | *>100%* |
| *DPS* | *137 c* | *>320%* |

| *Valuation* | *P/E* | *DY* |
|---|---|---|
| *HAR* | *4.9x* | *3.1%* |
| *Sibanye Still Water* | *3.3x* | *11.8%* |
| *Gold Fields* | *7.6x* | *4.2%* |

*Harmony Gold Mining released an excellent set of results in FY'21. Group revenue increased by +43% to R 41733 in FY'21 because of the operational expansion from the acquisition of Mponeng and related assets as well as an increase in the gold price received. Gold and Silver contribute 98% and 2%, respectively, of the group's revenue. The company's Ebit increased from a loss of R850 million in FY'20 to R5590 million in FY'21 a result of a +26% increase in production year-on-year, provisional gain on bargain purchase and our hedge position, as well as improved production and a higher average Rand/kg gold price received. Net debt decreased by -60% to R542 million in FY'21 supported by the cash generated by operations hence strengthen the group's balance sheet. Total gold production for FY21 was 26% higher primarily due to the inclusion of Mponeng and related assets into our portfolio. Group all-in sustaining cost increased by +11% to R723 054/kg in FY'21 due to lower-than-expected gold production at Target 1, Joel, Kalgold, and Hidden Valley. Both EPS and HEPS increased by >100% in FY'21. The total dividend was 137 cents for FY'21.*

**Old Mutual (OMU) - Interim results for the six months ended 30 June 2021 and trading statement - 31 August 2021 (Lesego Mthombothi)**




| *Highlights* | *Act.* | *Growth* |
|---|---|---|
| *Gross flows* | *R96.9 bn* | *7%* |
| *NCCF* | *(R3.4 bn)* | *->100%* |
| | | |
| *VNB* | *740* | *>100%* |
| *HEPS* | *71.7 c* | *-26%* |
| *DPS* | *25 c* | *>100%* |

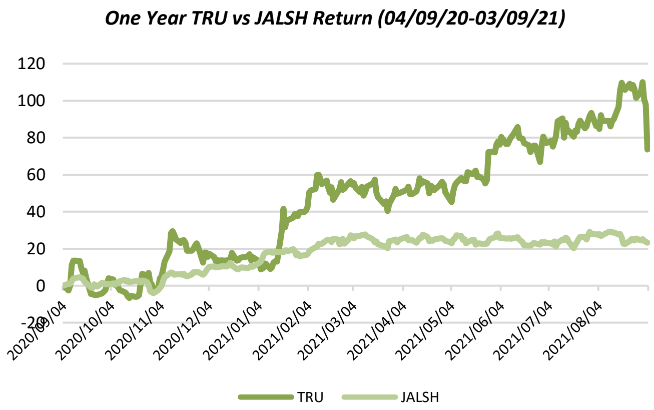
| *Valuation* | *P/E* | *DY* |
|---|---|---|
| *OMU* | *16.7x* | *3.9%* |
| *Sanlam* | *13.5x* | *4.9%* |
| *Momentum* | *63.2x* | *0.8%* |

*OMU returned to profit in its half financial year with both sales and earnings growth in the face of high covid-19 related claims. Results from operations increased by 42% to R2.1 billion including direct COVID-19 impacts and by 8% to R4.7 billion excluding COVID-19 impacts. The value of new business recovered to 740 from 125 due to higher sales volume and a better mix of new business. Return on net asset value increased by 380 percentage points to 9%. From a segmental perspective, results from the Mass and Foundation cluster increased significantly from a loss in H1'20 to R1.25 billion, Personal Finance and Wealth Managements RFO decreased by almost 100% while gross flows increased by 26% to R41 billion. RFO for Old Mutual Investments and Old Mutual Insure increased by more than 100%, while RFO for Old Mutual Corporate declined by 30%. RFO from the Rest of Africa also contracted. The Group's life insurance business was negatively affected by COVID-19 increased mortality claims which resulted in negative net client flows due to higher client payouts and depressed new business sign-ups. Approximately R10 billion in mortality claims was paid during the period. The Group is still awaiting regulatory approval of its unbundling of its 12.2% stake in Nedbank, but this is expected to be concluded in Q4 of this year. The Group reported an after-tax profit of R3.35 billion and declared a dividend of 25c a share.*

***Truworths (TRU) – Preliminary report on the audited group results & dividend declaration for the 52 weeks ended 27 June 2021 – 2 September 2021 (Lesego Mthombothi)***

| ***Highlights*** | ***Act.*** | ***Growth*** |
|---|---|---|
| *Sales* | *R17.0 bn* | *0.5%* |
| *Gross margin* | *51%* | *0.2pp* |
| *Operating margin* | *18.5%* | |
| *HEPS* | *520c* | *27%* |
| *DPS* | *350c* | *25%* |

| ***Valuation*** | ***P/E*** | ***D/Y*** |
|---|---|---|
| *TRU* | *10.5x* | *6.4%* |
| *Foschini* | *71.9x* | *-* |
| *Woolworths* | *16.5x* | *1.1%* |

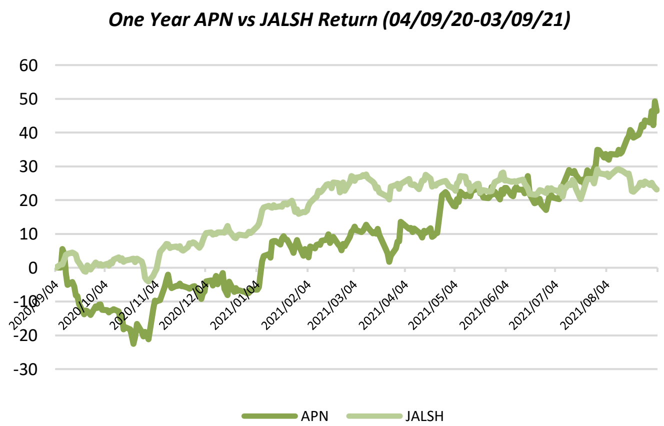



*Group retail sales increased by 0.5% to R17 billion. Account sales accounted for 1% more of retail sales than the prior year at 52% (2020: 51%). Account sales increased by 2.8% while cash sales reflected a weaker consumer, declining by 2%. Truworths Africa sales increased by 5.5% to R13 billion and by 4.3% on a comparable store basis. Product inflation was 0.2 percentage points higher than the prior-year at 1.4%. Truworths Africa made more cash sales during the period, resulting in a 2-percentage point decrease in account sales contribution to TRU Africa sales to 68% of sales. TRU Africa account and cash sales increased by 2.8% and 11.8% respectively. Truworths London experienced extremely challenging conditions amidst Brexit transitions and COVID-19 lockdown restrictions. TRU London stores were closed for at least 4 months during the financial year as all non-essential trading was restricted to deal with the outbreak of the virus. TRU London retail sales decreased by 17.4% in sterling terms to 192.4 million. In Rands, Office retail sales decreased by 13.1% to R4 billion. Office does have a strong online presence and its online sales increased by 18.2% and contributed more than half (63%, up from 44% in 2020) towards segment retail sales. The Group has also closed 31 Office stores and will continue to close unprofitable stores. Truworths ladieswear increased sales by 2.3% to R4.7 billion. Sales for Truworths menswear which includes Truworths Man, Uzzi, and Daniel Hechter increased by 4.1%, while Truworths Kids (LTD Kids, Earthchild, and Naartjie) registered the highest divisional sales growth of 14% to R1.3 billion. Due to higher promotional activity in TRU Africa, gross margin decreased by 1.5 percentage points to 54.1%. Group earnings improved as well largely due to government support, cost-cutting, reduced debt, and share buybacks. The Group declared a dividend of 350 cents (+25%). For the first nine weeks of its new financial year 2022, sales have declined by 5.3%.*

***Aspen Pharmacare – Reviewed provisional group financial results for the year ended 30 June 2021 and dividend declaration – 1 September 2021 (Lesego Mthombothi)***

| ***Highlights*** | ***Act.*** | ***Growth*** |
|---|---|---|
| *Revenue (cont. ops)* | *R37.8 bn* | *6%* |
| *Normalised EBITDA* | *R9.9 bn* | *3%* |
| *Normalised HEPS* | *1309c* | *10%* |
| *DPS* | *262c* | *-* |

| ***Valuation*** | ***P/E*** | ***DY*** |
|---|---|---|
| *APN* | *17.4x* | *1.2%* |
| *Adcock Ingram* | *11.2x* | *3.7%* |

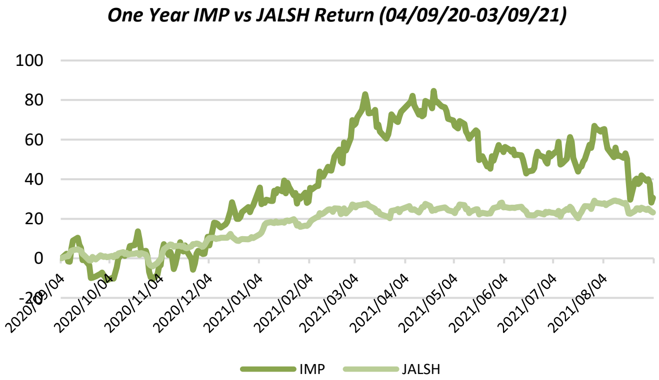



*APN delivered an impressive set of results for its 2021 financial year-end. The Group not only managed to slash debt by more than half but dividends were also reinstated after they were suspended in 2019 before COVID-19 changed the world. Group revenue increased by 12% to R37.8 billion. Revenue for the Commercial Pharmaceuticals segment which is comprised of Regional Brands which is responsible for their generic brands medication, and Sterile Focus Brands which is responsible for products like anesthetics reported revenue growth of 3% and 11% to R17.2 billion and R10.7 billion respectively. Demand for elective surgeries remained weak however demand for products used in COVID-19 infections acted as a buffer. Manufacturing revenue increased by 36% to R9.9 billion, however excluding supplies to counterparties of recent transactions, manufacturing revenue increased by 12%. The Group started COVID-19 sales in Q3 of FY2021 of approximately R400 million and refuse to divulge the margins earned on this product line. The company can produce 1.35 billion vaccine doses at its Gqeberha facility but only a quarter is being used now to help Johnson & Johnson's COVID vaccine. Normalised earnings before EBITDA were partially offset by better controlled operating expenses. The massive cut in the net debt was driven by the sale of the European thrombosis business, strong* *operating cash flows and a stronger rand relative to the euro and Australian dollar. The company's leverage ratio is now almost half at 1.74 times, and following the improvement in the balance sheet, the Group declared a dividend of 262c per share.*

***Impala Platinum (IMP) Audited preliminary results for the financial year ended 30 June 2021 and cash dividend declaration- 2 September 2021 (Tungamirai Mapanda)***

| ***Highlights*** | ***Act.*** | ***Growth*** |
|---|---|---|
| ***Revenue*** | 129575 | +86% |
| ***Sales Volume (ounces)*** | 3.27 | *+17%* |
| ***Ebit*** | *67920* | *+195%* |
| ***HEPS*** | *4635* | *+123%* |
| ***DPS*** | ***2200*** | +320% |

| ***Valuation*** | ***P/E*** | ***DY*** |
|---|---|---|
| *IMP* | *4.1x* | *11.7%* |
| *Gold fields* | *7.6x* | *4.2%* |
| *Anglo American Platinum* | *5.3x* | *8.1%* |




*IMP released an excellent set of results in FY'21. Group revenue increased by +86% to R 129.6 billion in FY'21 due to higher dollar metal prices realised. Higher rhodium, palladium and platinum contribute 41%, 31%, and 17% of the group's revenue. Sales volumes increased by +17% to 3.27 million ounces in FY'21 due to improved operating momentum and the inclusion of Impala Canada's results for the full reporting period. Ebit increased from R 23030 billion in FY'20 to 67.9 billion in FY'21 due the positive jaws. EPS, HEPS and DPS increased by +190% and 123%, respectively, boosted by higher sales, improved operational momentum and record rand PGM basket price. Final dividend of 1 200c per share, bringing total FY'21 dividend to 2 200c per share. Regrettably, in terms of safety, three fatal injuries were recorded. Overall, IMP reported excellent results supported by higher sales volumes. Increased profitability and strong free cash flow generation have supported further debt reduction.*



**All graphical data and key metrics are sourced from Infront.*