

Unaudited results

for the six months ended 31 December 2001

Steinhoff
International Holdings Ltd

Registration number 1998/003951/06
Share code: SHF ISIN code: ZAE000016176



• Revenue up 37%

• Headline earnings up 43%

• Strong operating cash flow

CONSOLIDATED INCOME STATEMENT

for the six months ended 31 December 2001

| | Unaudited six months ended 31/12/01 R'000 | Unaudited six months ended 31/12/00 R'000 | change % | Audited twelve months ended 30/06/01 R'000 |
|---|---|---|-------------|--|
| Revenue | 3 912 203 | 2 853 472* | 37 | 5 773 532 |
| Operating income before depreciation | 459 285 | 327 436 | 40 | 679 586 |
| Depreciation | (53 446) | (39 676) | | (98 923) |
| Operating income after depreciation | 405 839 | 287 760 | 41 | 580 663 |
| Exceptional items | - | - | | 134 898 |
| Earnings before goodwill, interest and taxation | 405 839 | 287 760 | 41 | 715 561 |
| Goodwill amortised | - | - | | (37 531) |
| Earnings before interest and taxation | 405 839 | 287 760 | 41 | 678 030 |
| Net finance charges | (18 137) | (19 735) | | (46 648) |
| Earnings before taxation | 387 702 | 268 025 | 45 | 631 382 |
| Taxation | (25 365) | (12 834) | | (27 130) |
| Earnings after taxation | 362 337 | 255 191 | 42 | 604 252 |
| Share of associated companies' retained income | 21 704 | 14 001 | | 38 111 |
| Attributable to outside shareholders | 856 | 622 | | 1 819 |
| Income attributable to shareholders | 384 897 | 269 814 | 43 | 644 182 |
| Number of shares in issue ('000) | 864 845 | 822 823 | 5 | 829 323 |
| Weighted average number of shares in issue ('000) | 855 528 | 817 616 | 5 | 822 129 |
| Attributable income (R'000) | 384 897 | 269 814 | 43 | 644 182 |
| Headline earnings (R'000) | 384 897 | 269 814 | 43 | 546 815 |
| Earnings per share (cents) | 45 | 33 | 36 | 78 |
| Headline earnings per share (cents) | 45 | 33 | 36 | 67 |
| Dividend per share (cents) | - | - | | 12 |

* The turnover for the six months ended 31/12/2000 has been restated to eliminate intergroup transactions.

ABRIDGED CONSOLIDATED BALANCE SHEET

at 31 December 2001

| | Unaudited 31/12/01 R'000 | Unaudited 31/12/00 R'000 | Audited 30/06/01 R'000 |
|---|--------------------------------|--------------------------------|------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment and intangible assets | 2 803 313 | 1 701 665 | 1 672 345 |
| Investments and loans | 808 089 | 247 115 | 546 190 |
| Deferred tax asset | - | - | 9 541 |
| | 3 611 402 | 1 948 780 | 2 228 076 |
| Current assets | | | |
| Accounts receivable | 2 480 458 | 1 583 007 | 1 695 383 |
| Inventories | 1 127 763 | 791 875 | 768 409 |
| Cash and cash equivalents | 230 429 | 233 630 | 988 905 |
| | 3 838 650 | 2 608 512 | 3 452 697 |
| Total assets | 7 450 052 | 4 557 292 | 5 680 773 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | | | |
| Ordinary shareholders' equity | 3 812 883 | 2 547 916 | 3 013 800 |
| Outside shareholders' interest | 9 182 | 17 464 | 10 037 |
| | 3 822 065 | 2 565 380 | 3 023 837 |
| Non-current liabilities | | | |
| Deferred taxation | 4 531 | 7 600 | 4 529 |
| Long-term liabilities | 1 054 260 | 326 002 | 426 723 |
| Long-term licence fee liability | 287 250 | - | 287 250 |
| | 1 346 041 | 333 602 | 718 502 |
| Current liabilities | | | |
| Net interest-bearing | 444 800 | 450 029 | 631 186 |
| Accounts payable and provisions | 1 837 146 | 1 208 281 | 1 307 248 |
| | 2 281 946 | 1 658 310 | 1 938 434 |
| Total equity and liabilities | 7 450 052 | 4 557 292 | 5 680 773 |
| Net asset value per share (cents) | 441 | 310 | 363 |
| Gearing ratio (net) (%) | 33 | 28 | 9 |

ABRIDGED CONSOLIDATED CASH FLOW STATEMENTS

for the six months ended 31 December 2001

| | Unaudited six months ended 31/12/01 R'000 | Unaudited six months ended 31/12/00 R'000 | Audited year ended 30/06/01 R'000 |
|---|---|---|---|
| Operating profit before working capital changes | 458 269 | 269 772 | 827 770 |
| Net changes in working capital | (159 832) | 109 229 | (93 847) |
| Cash generated from operations | 298 437 | 379 001 | 733 923 |
| Net finance costs | (18 137) | (19 735) | (46 648) |
| Dividends paid | (26 694) | (14 482) | (17 365) |
| Dividends received | 7 506 | - | 5 610 |
| Taxation | (60 457) | (28 611) | (43 192) |
| Net cash inflow (outflow) from operating activities | 200 655 | 316 173 | 632 328 |
| Net cash outflow from investing activities | (1 134 016) | (211 396) | (347 395) |
| Net cash inflow (outflow) from financing activities | 32 153 | (330 642) | 277 012 |
| Net increase in cash and cash equivalents | (901 208) | (225 865) | 561 945 |
| Effects of exchange rate changes on cash and cash equivalents | 142 732 | 4 854 | (27 681) |
| Cash and cash equivalents – beginning of period | 988 905 | 454 641 | 454 641 |
| Cash and cash equivalents – end of period | 230 429 | 233 630 | 988 905 |

STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2001

| | Share capital and premium R'000 | Non-distributable reserves R'000 | Distributable reserves R'000 | Total R'000 |
|--|--|--|------------------------------------|----------------|
| Balance at beginning of period | 1 681 887 | 143 213 | 1 188 700 | 3 013 800 |
| Current year associate income | - | 21 704 | (21 704) | - |
| Earnings attributable to shareholders | - | - | 384 897 | 384 897 |
| Increase in foreign currency translation reserve | - | 292 883 | - | 292 883 |
| Dividends paid | - | - | (26 694) | (26 694) |
| Issue of shares | 147 997 | - | - | 147 997 |
| Balance at end of period | 1 829 884 | 457 800 | 1 525 199 | 3 812 883 |

COMMENTS

Review of results

The Board is pleased to report that the Group's headline earnings for the six months ended 31 December 2001 grew to R385 million (2000: R270 million) on increased revenues of R3 912 million (2000: R2 853 million) in a challenging and competitive business environment.

The operating margin was maintained at 10% during the period and is expected to at least remain at this level for the remainder of the financial year.

Net finance charges reduced by R1,6 million as a result of improved working capital management and continuing favourable interest rates.

The relatively low effective tax charge is due mainly to the Group's favourable tax dispensations in central Europe. The effective tax rate is not anticipated to change materially in the foreseeable future.

Headline earnings per share increased by 36% to 45 cents (2000: 33 cents).

The Group utilised cash and increased its gearing to fund the offshore acquisitions.

The Group's equity was further enhanced by R293 million (2000: R17 million) as a result of the increase of the foreign currency translation reserve: this arose on the translation of the foreign net assets at 31 December 2001 and was credited directly to non-distributable reserves.

These interim results have been prepared in accordance with statements of Generally Accepted Accounting Practice. The same accounting policies have been used in the preparation of these results as those in the previous financial period.

Segmental analysis

| | Revenue R'000 | % | Earnings before exceptional items, goodwill, interest and taxation R'000 | % | Net assets R'000 | % |
|---------------------------------|------------------|------------|---|------------|---------------------|------------|
| 6 months ended 31 December 2001 | | | | | | |
| Manufacturing | 2 871 616 | 73 | 269 010 | 63 | 2 716 275 | 71 |
| Wholesale and distribution | 1 040 587 | 27 | 158 533 | 37 | 1 096 608 | 29 |
| Total | 3 912 203 | 100 | 427 543* | 100 | 3 812 883 | 100 |

* Earnings before exceptional items, goodwill, interest and taxation includes share of associate income of R21 704 000.

| 6 months ended 31 December 2000 | Revenue R'000 | % | Earnings before exceptional items, goodwill, interest and taxation R'000 | % | Net assets R'000 | % |
|---------------------------------|------------------|------------|---|------------|---------------------|------------|
| Manufacturing | 2 085 700 | 73 | 195 722 | 65 | 1 886 227 | 74 |
| Wholesale and distribution | 767 772 | 27 | 106 039 | 35 | 661 689 | 26 |
| Total | 2 853 472 | 100 | 301 761** | 100 | 2 547 916 | 100 |

** Earnings before exceptional items, goodwill, interest and taxation includes share of associate income of R14 001 000.

Geographical analysis

| 6 months ended 31 December 2001 | Revenue R'000 | % | Earnings before exceptional items, goodwill, interest and taxation R'000 | % | Net assets R'000 | % |
|---------------------------------|------------------|------------|---|------------|---------------------|------------|
| Southern Africa | 1 275 842 | 33 | 110 364 | 26 | 1 259 815 | 33 |
| European community | 1 690 828 | 43 | 218 804 | 51 | 1 797 579 | 47 |
| Eastern Europe | 820 080 | 21 | 93 135 | 22 | 683 944 | 18 |
| Australia and New Zealand | 125 453 | 3 | 5 240 | 1 | 71 545 | 2 |
| Total | 3 912 203 | 100 | 427 543* | 100 | 3 812 883 | 100 |

| 6 months ended 31 December 2000 | Revenue R'000 | % | Earnings before exceptional items, goodwill, interest and taxation R'000 | % | Net assets R'000 | % |
|---------------------------------|------------------|------------|---|------------|---------------------|------------|
| Southern Africa | 1 141 198 | 40 | 112 764 | 37 | 1 109 038 | 44 |
| European community | 1 125 443 | 39 | 144 983 | 48 | 1 026 474 | 40 |
| Eastern Europe | 561 995 | 20 | 41 940 | 14 | 402 320 | 16 |
| Australia | 24 836 | 1 | 2 074 | 1 | 10 084 | - |
| Total | 2 853 472 | 100 | 301 761** | 100 | 2 547 916 | 100 |

The average exchange rate used to translate foreign currency income and expenditure into South African rand was R4,26: 1DM (2000: R3,34: 1DM), R414 million (2000: R275 million) of Africa's revenue represents exports to the USA and the European community, amounting to approximately 32% (2000: 25%) of its activities. It is the intention of the Group to continue to increase these exports into the future. The Group's revenue exposure to the local South African furniture market reduced further to 20% (2000: 25%).

The Group continued, during the period under review, to implement a number of transactions and acquisitions. It also commenced with further initiatives to ensure the continued growth of its business and earnings.

Corporate activity

Relyon Group Ltd, a previously listed company in the UK is now a wholly-owned subsidiary with effect from 1 October 2001.

The integration of the Freedom Group's manufacturing division in Australia and New Zealand with Steinhoff's own facilities only became effective since 1 October 2001.

The Group increased its holding in Unitrans Limited at 31 December 2001 to approximately 22%. It further increased its investment to above 25% at the date of this report.

Two new brands, Egoform and Dieter Knoll were acquired. These brands are targeted at the top end of the European furniture market. They were successfully launched during January 2002 at the international furniture fair in Cologne, Germany.

A joint venture agreement was entered into with the La-Z-Boy Group of the USA for the development of the La-Z-Boy brand in the European and Eastern European communities. This product range was also successfully launched at the Cologne fair.

Dividend

It is the Group's policy to declare dividends once a year, after its financial year-end on 30 June.

Prospects

Steinhoff Africa will continue to increase its exports out of Africa. It will make further investment in raw material production facilities, especially in the saw-milling business, and various proposals are currently being evaluated.

Management is confident that the Group will continue to achieve real earnings growth for the rest of the financial year.

By order of the board

S J Grobler

Company secretary

5 March 2002

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Company secretary S J Grobler

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