



BOWLER METCALF LIMITED

(Registration number 1972/005921/06)

Share code: BCF ISIN number: ZAE000030797

("the Company or "the Group")

UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020 AND DIVIDEND DECLARATION

HEPS UP 26%

INTERIM DIVIDEND UP 14%

CONDENSED STATEMENT OF FINANCIAL POSITION

Rmil	Notes	31 December 2020		30 June 2020
		Unaudited	% Change	Audited
Non-current Assets		198.2		178.6
Property, plant & equipment	1	176.4	+11	159.3
Investment properties	2	8.0	+57	5.1
Intangible assets		3.4		3.4
Right of use assets	3	2.8	-13	3.2
Deferred tax		7.6		7.6
Current Assets		600.1		588.3
Inventories		92.1		86.2
Trade and other receivables	4	112.6	+10	102.2
Prepayments	5	9.8	+34	7.3
Other Investments	6	136.7	+1142	11.0
Cash and cash equivalents	7	248.2	-35	381.6
Taxation		0.7		-
Total Assets		798.3	+4	766.9
Total Equity		703.9	+3	681.0
Non-current liabilities		27.7		28.9
Long term lease obligation		0.9		0.9
Deferred Tax		26.8		28.0
Current Liabilities		66.7		57.0
Trade and other payables	8	59.8	+11	54.1
Short term lease obligation		2.3	-12	2.6
Taxation	9	4.6	+1434	0.3
Total Equity & Liabilities		798.3		766.9

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

Rmil	Notes	31 December 2020		31 December 2019
		Unaudited	%Change	Unaudited
Revenue	10	331.0	+12	296.8
Other income		0.2		0.2
Raw materials and operating costs		(176.9)	+12	(157.8)
Depreciation		(11.0)		(11.5)
Rental Cost	11	(0.2)	-95	(3.5)
Staffing Cost		(83.2)	+5	(79.5)
Profit from operations		59.9	+34	44.8
Net finance income	13	7.9	-47	14.6
Net profit before tax		67.8	+14	59.4
Taxation	14	(19.0)	+14	(16.6)
Profit for period		48.8	+14	42.8
Attributable to equity holders of parent		48.8		42.8
<i>Earnings & diluted earnings per share (c)</i>		67.6	+26	53.5

CONDENSED STATEMENT OF CHANGES IN EQUITY

Rmil	Stated Capital	Retained Earnings	Treasury Shares	Total Equity
Balance as at 30 June 2019 *	-	709.1	(30.1)	679.0
Purchase of Treasury shares	-	-	(40.4)	(40.4)
Cancellation of treasury shares	-	(34.6)	34.6	-
Comprehensive income for the six months ending 31 December 2019	-	42.8	-	42.8
Dividends paid	-	(18.4)	-	(18.4)
Balance as at 31 December 2019	-	698.9	(35.9)	663.0
Balance as at 30 June 2020 *	-	713.9	(32.9)	681.0
Purchase of treasury shares	-	-	(4.6)	(4.6)
Comprehensive income for the six months ending 31 December 2020	-	48.8	-	48.8
Dividends paid	-	(21.3)	-	(21.3)
Balance as at 31 December 2020	-	741.4	(37.5)	703.9

* The balances as 30 June 2020 and 30 June 2019 are audited, with the remaining movements in the statement of changes in equity unaudited.

CONDENSED STATEMENT OF CASH FLOWS

Rmil	Notes	31 December 2020 Unaudited	31 December 2019 Unaudited
Operating activities		27.1	16.1
Profit from operations		59.9	44.8
Net finance income		7.9	14.6
Non-cash items		10.3	10.9
Working capital changes		(10.7)	(17.1)
Movement in prepayments		(2.5)	-
Taxation paid		(16.5)	(18.7)
Dividends paid		(21.3)	(18.4)
Investing activities		(154.3)	(7.2)
Property, plant and equipment – additions	1	(26.3)	(7.0)
Investment property additions	2	(3.0)	-
Movement in prepayments		-	(0.2)
Investment in cash unit trusts	6	(125.0)	-
Financing activities		(6.2)	(41.7)
Repayment of lease liabilities		(1.6)	(1.3)
Treasury shares - acquisitions	15	(4.6)	(40.4)
Net cash outflow		(133.4)	(32.8)
Opening balance		381.6	382.9
Closing balance		248.2	350.1
Comprising:			
Cash & cash equivalents		248.2	350.1

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Rmil	31 December 2020 Unaudited	% Change	31 December 2019 Unaudited
1. Property, Plant and Equipment	176.4	+11	159.3
Investment is also being made into plant and machinery, among other, to reduce reliance on imported supply of certain products. The increase also relates to the expansion of the warehouse at the Phillippi site.			
2. Investment property	8.0	+57	5.1
The increase pertains to the improvements at the Epping property, and was necessitated for renewing the long-term lease.			

Rmil	31 December 2020		31 December 2019
	Unaudited	% Change	Unaudited
3. Right of use assets	2.8	-13	3.2
The decrease is in respect of two short term leases nearing end of term.			
4. Trade and other receivables	112.6	+10	102.2
The increase in receivables is directly attributable to the increased sales.			
5. Prepayments	9.8	+34	7.3
Increase in prepayments pertains to securing higher levels of raw materials and services to mitigate possible supply disruptions.			
6. Other investments			
Cash unit trusts	136.7	+1142	10.3
Made up of:			
Money Market Funds	95.1		10.3
Income Funds	41.6		-
	136.7		10.3

Given the low interest rate environment, these investments offer higher returns, while not exposing the company to disproportionate risk.

The Income funds are actively managed cash funds with the underlying investments being mainly floating rate notes, liquid debenture yielding dividends and cash, which can be liquidated within 48 hours.

The fair value of the investment is derived from the market value of the underlying shares in the unit trust portfolio (as traded on the stock exchange), but not traded itself.

The investment has been classified as a level 2 fair value in terms of the hierarchy.

7. Cash and cash equivalents	248.2	-35	381.6
R125m, accounting for 94% of the cash reduction, was invested in cash unit trusts. Refer note 6 above.			
8. Trade and other payables	59.8	+11	54.1
Higher levels of trade payables are attributable to the higher activity levels in the months leading up to the reporting date.			
9. Taxation	4.6	+1434	0.3
The higher tax liability is a function of the higher profits.			

Rmil	31 December 2020 Unaudited	%Change	31 December 2019 Unaudited
10. Revenue	331.0	+12	296.8
Consumer demand driven industries such as the food and cosmetics industries declined year on year. This was offset by strong demand from the household, cleaning, pharmaceutical and personal care industries, resulting in the double digit growth year on year.			
10.1 Disaggregate Revenue Sources			
Plastic Packaging and Related Products	328.0	+13	291.4
Property Leases	3.0	-44	5.4
	331.0	+12	296.8

Property lease revenue reduced year on year. The subletting of a storage facility ceased during the previous year.

11. Rental cost

0.2

-95

3.5

A once off short term lease of a storage facility ceased during the previous year.

12. Related party Transactions

4.5

4.6

Director's Emoluments

Other than the above information on related parties, there have been no other dealings with related parties that are material to an understanding of these results.

13. Net Finance Income

7.9

-47

14.6

Lower interest received in the current year due to the significantly reduced commercial interest rates.

14. Taxation

(19.0)

+14

(16.6)

Increased tax expense is a function of the higher profits.

15. Treasury shares – acquisitions

(4.6)

-88

(40.4)

Despite an aggressive share buyback plan, available supply on the market has dried up, resulting in the lower repurchase amounts compared to the prior period.

567 177 shares (2019: 5 559 734) were repurchased during the period at an average cost of R8.07 (2019: R7.25) per share.

The repurchases were made through a wholly owned subsidiary. No shares acquired during the period were cancelled subsequent to the period end.

Rmil	31 December 2020		31 December 2019
	Unaudited	% Change	Unaudited

16. COVID-19

While the Group continues to monitor the impact of the pandemic, at this point in time there are insufficient data points to understand the long-term impact of COVID-19 on future profitability and the consequent carrying value of assets due to the continued uncertainty associated with COVID-19 and evolving government regulations. Other than as outlined below, there has not arisen in the interval between the end of the reporting period and the date of this report any item transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect substantially the operations of the company.

The financial impact of COVID-19 on the business can be summarised as follows:

- As a percentage of total trade debtors, the expected credit losses increased from 4.8% as at 30 June 2020 to 6.7% as at 31 December 2020.
- No material impact in bad debts written off during the six months ended 31 December 2020.
- No material impact on cash flows from debtors for the six months ended 31 December 2020.
- No change in our definition of what constitutes default for our customers.
- No staff were retrenched during the six months ended 31 December 2020 as a result of COVID-19.

HEADLINE EARNINGS RECONCILIATION

Rmil	31 December 2020 Unaudited	% Change	31 December 2019 Unaudited
HEADLINE EARNINGS			
Earnings attributable to parent	48.8		42.8
Disposal of assets net of tax	-		-
Headline Earnings	48.8	+14	42.8
HEADLINE EARNINGS PER SHARE (HEPS)			
	Cents		Cents
Earnings attributable to parent:	67.6	+26	53.5
Disposal of assets net of Tax	-		-
HEPS – (cents)	67.6	+26	53.5
Basic & diluted headline earnings per share (c)	67.6	+26	53.5

CONDENSED SEGMENTAL ANALYSIS

Rmil	Plastic Packaging	Property	Holdings	Eliminations	Total
31 December 2020 (Unaudited)					
Revenue	328.0	14.3	-	(11.3)	331.0
- Total Revenue	328.0	3.0	-	-	331.0
- Intersegment	-	11.3	-	(11.3)	-
Operating profit (loss)	50.3	11.8	(0.4)	(1.8)	59.9
Net finance income	(0.1)	-	8.0	-	7.9
Profit before tax	50.2	11.8	7.6	(1.8)	67.8
Taxation	(13.6)	(3.3)	(2.1)	-	(19.0)
Net profit for the period	36.6	8.5	5.5	(1.8)	48.8
Attributable to parent	36.6	8.5	5.5	(1.8)	48.8
Total Assets	757.6	68.2	376.5	(404.1)	798.3
Total liabilities	123.7	2.0	328.8	(360.1)	94.4
Capital expenditure	17.1	12.2	-	-	29.3
30 June 2020 (Audited)					
Total Assets	678.7	58.8	386.1	(356.7)	766.9
Total Liabilities	123.1	1.0	320.8	(359.0)	85.9
31 December 2019 (Unaudited)					
Revenue	293.9	13.7	-	(10.8)	296.8
- Total Revenue	293.9	2.9	-	-	296.8
- Intersegment	-	10.8	-	(10.8)	-
Operating profit (loss)	35.9	10.9	(0.4)	(1.6)	44.8
Net finance income	0.2	-	14.4	-	14.6
Profit before tax	36.1	10.9	14.0	(1.6)	59.4
Taxation	(9.6)	(3.1)	(3.9)	-	(16.6)
Net profit for the period	26.5	7.8	10.1	(1.6)	42.8
Attributable to parent	26.5	7.8	10.1	(1.6)	42.8
Total assets	633.7	50.3	349.4	(297.6)	735.8
Total liabilities	72.4	0.8	278.6	(278.1)	72.8
Capital expenditure	6.9	0.1	-	-	7.0

	31 December 2020 Unaudited	% Change	31 December 2019 Unaudited
Additional Information			
Ordinary dividend/share paid (c)	29.50	+18	25.00
Ordinary dividend/share proposed (c)	19.40	+14	17.00
Basic dividend cover (times)	3.49		3.15
Weighted shares in issue (mil)	72.147		79.970
Capital expenditure (Rmil)	29.3	+319	7.0
Capital commitment (Rmil)	66.0	+704	8.2
Closing share price (c)	939	+25	750

CEO'S COMMENTARY

In contrast to the general market sentiment, the Bowler Packaging business performed very well in this past reporting half year. Revenue was up a remarkable 12% on PY. The merits of a diverse essential goods portfolio, customer centricity and focused hands-on operations management came to fore. Economies of scale, effective cost control initiatives and disciplined teams in a challenging COVID-19 environment combined well to return a 14% increase on NPBT despite a significant reduction in finance income. In addition to the increase in the NPBT, the earnings per share was boosted by a decrease in the weighted number of shares due to share buy-backs in the previous periods, resulting in a headline earnings per share growth of 26%. While the Plastic Packaging segment showed solid growth against the comparative period, this must be seen in context of a 'lower base' over the past few reporting periods caused by amongst others, volatile raw material prices and the impact of industry strikes.

A total of 567 177 shares were repurchased during this period at a cost of R4 576 064.

The warehouse expansion is on schedule to be completed by September 2021. Apart from the warehouse expansion, R15 million in capex for business growth in a good projects environment is committed.

The Board has accepted a dividend proposal of 19.4 cps. This represents a 14% increase from the comparative period which tracks the growth in headline earnings.

Good opportunities for long term business growth and energy cost optimizations are at advanced levels of finalization in the second half. However, during this period, a general slow-down in demand from the existing business and higher raw material prices are two of the main challenges that will need to be dealt with.

BASIS OF PREPARATION

The condensed consolidated results have been prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards "IFRS" and the Financial Pronouncements as issued by the Financial Reporting Standards Council. They contain the information required by IAS 34 Interim Financial Reporting and are in compliance with the JSE Listings Requirements and the Companies Act, 2008 of South Africa.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Company's auditors.

These condensed consolidated results were prepared by Mr AC September CA (SA) in his capacity as group financial manager.

The accounting policies and methods of computation applied in the preparation of these condensed consolidated results are consistent with IFRS and those applied in the most recently issued audited annual financial statements.

ACQUISITIONS AND DISPOSALS

There have been no business additions or disposals during the period under review.

ISSUE OF SHARES

There have been no new issues of ordinary shares during the period.

STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

No new standards and interpretations have been adopted during the period under review.

CASH DIVIDEND DECLARATION

An interim gross cash dividend, as defined by the Income Tax Act, of 19.40 cents per share ("cps") for the six months ended 31 December 2020 (2019: 17.00 cps) has been declared and is payable to shareholders on Monday, 29 March 2021. The last day to trade will be Tuesday, 23 March 2021, the ex date is Wednesday, 24 March 2021 and the record date will be Friday, 26 March 2021. Share certificates may not be dematerialised or re-materialised between Wednesday, 24 March 2021 and Friday, 26 March 2021, both days inclusive.

The dividend will be made from income reserves. The gross dividend is 19.40 cps. Dividend Withholding Tax ("DWT") is 20%. The net local cash dividend to shareholders liable for DWT will therefore be 15.52 cps.

Number of shares in issue at the date of declaration IS 78 326 023 shares.

Unless otherwise requested in writing, individual dividend cheques of less than R50 will not be paid but retained in the company's unclaimed dividend account. Accumulated unpaid dividends in excess of R200 may be claimed in writing from the transfer Secretaries.

SUBSEQUENT EVENTS

Despite the current COVID-19 pandemic and suppressed market conditions, there has been no further impact on the write off of goodwill, debtors or inventory above what was raised at 31 December 2020, up to the date of the release of these Interim Financial Statements. No other significant events occurred subsequent to 31 December 2020.

COMPANY TAX NUMBER

9775130710

BJ Frost (Non-Exec Chairman)
PF Sass (Chief Executive Officer)
GA Böhler (Chief Financial Officer)

Cape Town

8 February 2021

Prepared by: AC September CA(SA)

REGISTERED AUDITOR

Mazars – Partner Y Ferreira – Registered Auditor
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