Bowler Metcalf Limited

**BOWLER METCALF LIMITED**
(Registration number 1972/005921/06)
Share code: BCF ISIN number: ZAE000030797
("Bowler" or "the Company" or "the Group")

## UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022 AND DIVIDEND DECLARATION

### CONDENSED STATEMENT OF FINANCIAL POSITION

| Rmil | Notes | 31 December 2022 Unaudited | % Change | 30 June 2022 Audited |
|---|---|---|---|---|
| **Non-current Assets** | | **337.1** | | 328.9 |
| Property, plant & equipment | | **255.1** | | 247.2 |
| Investment properties | | **8.1** | | 8.2 |
| Intangible assets | | **3.4** | | 3.4 |
| Other investments | 1 | **65.9** | +3 | 63.8 |
| Right of use assets | 2 | **2.7** | -39 | 4.4 |
| Deferred tax | | **1.9** | | 1.9 |
| **Current Assets** | | **446.0** | | 479.0 |
| Inventories | | **146.9** | | 148.1 |
| Trade and other receivables | | **129.1** | | 139.8 |
| Prepayments | 3 | **6.6** | +25 | 5.3 |
| Cash and cash equivalents | 4 | **155.3** | -14 | 180.9 |
| Taxation | 5 | **8.1** | +65 | 4.9 |
| **Total Assets** | | **783.1** | | 807.9 |
| **Total Equity** | | **708.1** | | 704.3 |
| **Non-current liabilities** | | **28.7** | | 28.3 |
| Long term lease obligation | 6 | **0.2** | -82 | 1.1 |
| Deferred Tax | | **28.5** | | 27.2 |
| **Current Liabilities** | | **46.3** | | 75.3 |
| Trade and other payables | 7 | **42.8** | -40 | 71.8 |
| Short term lease obligation | 6 | **2.7** | -21 | 3.4 |
| Taxation | 5 | **0.8** | | 0.1 |
| **Total Equity & Liabilities** | | **783.1** | | 807.9 |

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

| Rmil | Notes | 31 December 2022 Unaudited | % Change | 31 December 2021 Unaudited |
|---|---|---|---|---|
| Revenue | 8 | **358.3** | +13 | 316.6 |
| Other income | | **-** | | 0.1 |
| Raw materials and operating costs | 9 | **(216.7)** | +25 | (174.0) |
| Depreciation | 10 | **(11.4)** | +11 | (10.3) |
| Rental Cost | | **(0.2)** | | (0.1) |
| Staffing Cost | 11 | **(91.5)** | +13 | (81.2) |
| **Profit from operations** | | **38.5** | -25 | 51.2 |
| Net finance income | | **8.6** | | 7.9 |
| **Net profit before tax** | | **47.1** | -20 | 59.1 |
| Taxation | | **(13.2)** | | (16.6) |
| **Profit for period** | | **33.9** | -20 | 42.5 |
| **Attributable to equity holders of parent** | | **33.9** | | 42.5 |
| *Earnings & diluted earnings per share (c)* | | **48.39** | -18 | 59.37 |

## CONDENSED STATEMENT OF CHANGES IN EQUITY

| Rmil | Stated Capital | Retained Earnings | Treasury Shares | Total Equity |
|---|---|---|---|---|
| Balance as at 30 June 2021* | - | 770.2 | (37.5) | 732.7 |
| Purchase of Treasury shares | - | - | (3.1) | (3.1) |
| Comprehensive income for the six months ending 31 December 2021 | - | 42.5 | - | 42.5 |
| Dividends paid | | (22.9) | - | (22.9) |
| Special dividends declared | - | (60.0) | - | (60.0) |
| Balance as at 31 December 2021 | - | 729.8 | (40.6) | 689.2 |
| Balance as at 30 June 2022* | - | 732.3 | (28.0) | 704.3 |
| Purchase of treasury shares | - | - | (11.4) | (11.4) |
| Comprehensive income for the six months ending 31 December 2022 | | 33.9 | - | 33.9 |
| Dividends paid | - | (18.7) | - | (18.7) |
| **Balance as at 31 December 2022** | **-** | **747.5** | **(39.4)** | **708.1** |

* The balances as 30 June 2022 and 30 June 2021 are audited, with the remaining movements in the Statement of Changes in Equity unaudited.

## HEADLINE EARNINGS RECONCILIATION

| Rmil | 31 December 2022 Unaudited | % Change | 31 December 2021 Unaudited |
|---|---|---|---|
| **HEADLINE EARNINGS** | | | |
| Earnings attributable to parent | **33.9** | | 42.5 |
| Adjustments | **-** | | - |
| **Headline Earnings** | **33.9** | -20 | 42.5 |
| | | | |
| **Basic & diluted headline earnings per share** | **48.39** | -18 | 59.37 |

## CONDENSED STATEMENT OF CASH FLOWS

| Rmil | Notes | 31 December 2022 Unaudited | % Change | 31 December 2021 Unaudited |
|---|---|---|---|---|
| **Operating activities** | | **6.0** | | (24.3) |
| Cash generated by operations | | **31.1** | | 8.3 |
| Net finance income | | **8.6** | | 7.9 |
| Taxation paid | | **(15.0)** | | (17.6) |
| Dividends paid | | **(18.7)** | | (22.9) |
| | | | | |
| **Investing activities** | | **(18.4)** | | (40.9) |
| Property, plant and equipment – additions | 12 | **(18.4)** | -16 | (22.0) |
| Investment property additions | | **-** | -100 | (0.1) |
| Investment in cash unit trusts | 13 | **-** | -100 | (18.8) |
| | | | | |
| **Financing activities** | | **(13.2)** | | (4.6) |
| Repayment of lease liabilities | | **(1.8)** | | (1.8) |
| Treasury shares - acquisitions | 14 | **(11.4)** | +268 | (3.1) |
| | | | | |
| **Net cash outflow** | | **(25.6)** | | (69.8) |
| Opening balance | | **180.9** | | 248.2 |
| | | | | |
| **Closing balance** | | **155.3** | | 178.4 |
| | | | | |
| Comprising: | | | | |
| Cash & cash equivalents | 4 | **155.3** | -13 | 178.4 |

| Rmil | | 31 December 2022 Unaudited | % Change | 30 June 2022 Audited |
|---|---|---|---|---|
| **1.** | **Other Investments** | | | |
| | Cash unit trusts | | | |
| | Additional cash resources were allocated to higher performing income funds. | | | |
| | Made up as follows: | | | |
| | - Income Fund | **44.2** | | 42.7 |
| | - Dividend Income Fund | **21.7** | | 21.1 |
| | | **65.9** | +3 | 63.8 |

The Income Fund investment is in the Ashburton Stable Income Fund Portfolio, under the management of Ashburton Investments, which is part of the FirstRand Group, and at period end the investment represented only 0.2% of the fund value.

The fund is an actively managed cash fund with the underlying investments being mainly floating rate notes and cash, which can be liquidated within 48 hours and has annualised returns of 6.84% (2021: 5.02%) for the year.

The fair value of the investment is derived from the market value of the underlying instruments in the unit trust portfolio.

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

The Dividend Income Fund investment is in the Gryphon Dividend Income Fund and at period end, the investment represented only 1.2% of the fund value.

The Dividend Income fund is an actively managed fund with annualised effective after tax returns of 5.28% (2021:3.33%). Capital risk is restricted as the fund has no exposure to equities. Capital gains are of an incidental nature. The portfolio is permitted to invest in any equity or non- equity securities that generate a dividend return and may be included in the portfolio.

| Rmil | | 31 December 2022 Unaudited | % Change | 30 June 2022 Audited |
|---|---|---|---|---|
| | The investment in the unit trusts is in unconsolidated structures and the value is based on the fair value of the shares. | | | |
| | Investments are fully secured by bank deposits with the top five SA banks, i.e. Standard Bank, ABSA, Nedbank, Investec and FirstRand. | | | |
| | The fair values of these investments are derived from the market values of the underlying instruments making up the portfolios. | | | |
| | The investments have been classified as a level 2 fair value in terms of the hierarchy. | | | |
| **2.** | **Right of use assets** | | | |
| | The decrease is a result of current third party property leases nearing termination date. | | | |
| **3.** | **Prepayments** | | | |
| | The increase in prepayments is mainly due to the seasonality of standard operating expenses paid in advance and amortised throughout the year. | | | |
| **4.** | **Cash and cash equivalents** | | | |
| | The reduction in cash at period end is mainly as a result of continued investments in plant and equipment and substantial share repurchases, on the back of lower cash flow from weaker trading activities. | | | |
| **5.** | **Taxation** | | | |
| | Taxation receivable | **8.1** | | 4.9 |
| | Taxation payable | **(0.8)** | | (0.1) |
| | **Nett tax receivable** | **7.3** | +52 | 4.8 |
| | The increased nett tax receivable is mainly attributable to the increased tax allowances brought on by the acquisition of Skye Packaging in March 2022. | | | |
| **6.** | **Lease liability** | | | |
| | Long term lease liability | **0.2** | | 1.1 |
| | Short term lease liability | **2.7** | | 3.4 |
| | **Total lease liability** | **2.9** | -36 | 4.5 |
| | The decreased lease liability is as a result of the current property leases nearing end of term. | | | |

| Rmil | | 31 December 2022 Unaudited | % Change | 30 June 2022 Audited |
|---|---|---|---|---|

**7. Trade and other payables**

The reduction in Trade payables relates mainly to the settlement of large capital expenditure related creditors that existed at year end. Payroll related provisions that existed at year end (mainly leave related), were also paid out during the period, reducing other payables.

**8. Revenue**

Traditional "Bowler" sales were flat year on year, with the current period growth driven by sales resulting from the acquisition of Skye Plastics.

**8.1 Disaggregate Revenue Sources**

| Rmil | 31 December 2022 Unaudited | % Change | 30 June 2022 Audited |
|---|---|---|---|
| Plastic Packaging and Related Products | **354.9** | +13 | 313.4 |
| Property Leases | **3.4** | + 5 | 3.2 |
| | **358.3** | +13 | 316.6 |

**8.2 Revenue by Region**

| Rmil | 31 December 2022 Unaudited | % Change | 30 June 2022 Audited |
|---|---|---|---|
| Coastal Regions | **133.8** | +1 | 132.9 |
| Inland | **224.5** | +22 | 183.7 |
| | **358.3** | +13 | 316.6 |

**9. Raw materials and operating cost**

Other than volume related growth, raw materials had unprecedented increases driven by higher input costs and unfavourable pricing mechanisms, coupled with constricted supply chain induced price increases. Further, operating cost increases were driven mainly by large increases in transport and energy costs.

**10. Depreciation**

Comprising:

| Rmil | 31 December 2022 Unaudited | % Change | 30 June 2022 Audited |
|---|---|---|---|
| Property, plant and equipment | **9.7** | | 9.5 |
| Right of use asset | **1.7** | +117 | 0.8 |
| | **11.4** | +11 | 10.3 |

The increased depreciation stems mainly from the right of use asset on leases, with the increased leases inherited when Skye Plastics was acquired.

**11. Staffing cost**

The increased staff cost is a combination of inflationary increases and the inclusion of the Skye Plastics staff that were not in the comparative numbers.

| Rmil | 31 December 2022 Unaudited | % Change | 31 December 2021 Unaudited |
|---|---|---|---|
| **11.1 Related party transactions** | **4.9** | +4 | 4.7 |
| Directors' 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.

**12. Additions to property, plant and equipment**

R16.8m of the comparative period capital expenditure was in the Property Segment and pertained to the completion of the Phillippi Warehouse. The current period capital expenditure is wholly in the Plastics Segment, with expansion into new product lines the main driver.

**13. Investment in cash unit trust**

In the comparative period, further investments were made into Income Fund Cash Unit Trusts as it yielded a better return. No such additional investments were made in the current period.

**14. Treasury share acquisitions**

Contrary to last year, available supply of Bowler Metcalf Ltd shares has improved. The repurchase programme was followed in line with the current strategy.

1 139 085 shares (2021: 272 805) were repurchased during this period at an average cost of R10.01 (2021: R11.33) per share.

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

## CONDENSED SEGMENTAL ANALYSIS

| Rmil | Plastic Packaging | Property Investment | Holdings | Eliminations | Total |
|---|---|---|---|---|---|
| **31 December 2022 (Unaudited)** | | | | | |
| Total Revenue | 354.9 | 17.8 | - | (14.4) | 358.3 |
| - External Revenue | 354.9 | 3.4 | - | - | 358.3 |
| - Intersegment | - | 14.4 | - | (14.4) | - |
| Other income | 1.9 | - | - | (1.9) | - |
| Expenses | (329.5) | (4.3) | (0.4) | 14.4 | (319.8) |
| Operating profit(loss) | 27.3 | 13.5 | (0.4) | (1.9) | 38.5 |
| Net finance (expenses)/income | (0.1) | - | 8.7 | - | 8.6 |
| Profit/(loss) before tax | 27.2 | 13.5 | 8.3 | (1.9) | 47.1 |
| Taxation | (7.1) | (3.8) | (2.3) | - | (13.2) |
| Net profit/(loss) for the period | 20.1 | 9.7 | 6.0 | (1.9) | 33.9 |
| Attributable to parent | 20.1 | 9.7 | 6.0 | (1.9) | 33.9 |
| **Revenue by region** | | | | | |
| Coastal regions | 130.4 | 3.4 | - | - | 133.8 |
| Inland | 224.5 | - | - | - | 224.5 |
| Total | 354.9 | 3.4 | - | - | 358.3 |
| Total Assets | 714.7 | 91.4 | 218.9 | (241.9) | 783.1 |
| Total Liabilities | 93.8 | 45.3 | 184.1 | (248.2) | 75.0 |
| **30 June 2022 (Audited)** | | | | | |
| Total Assets | 781.3 | 85.4 | 237.6 | (296.4) | 807.9 |
| Total Liabilities | 116.0 | 49.0 | 188.3 | (249.7) | 103.6 |
| Capital expenditure | 18.4 | - | - | - | 18.4 |
| **31 December 2021 (Unaudited)** | | | | | |
| Total Revenue | 313.4 | 16.6 | - | (13.4) | 316.6 |
| - External Revenue | 313.4 | 3.2 | - | - | 316.6 |
| - Intersegment | - | 13.4 | - | (13.4) | - |
| Other Income | 8.0 | - | - | (7.9) | 0.1 |
| Expenses | (275.2) | (3.2) | (0.5) | 13.4 | (265.5) |
| Operating profit(loss) | 46.2 | 13.4 | (0.5) | (7.9) | 51.2 |
| Net finance income | - | - | 7.9 | - | 7.9 |
| Profit/(loss) before tax | 46.2 | 13.4 | 7.4 | (7.9) | 59.1 |
| Taxation | (10.7) | (3.8) | (2.1) | - | (16.6) |
| Net profit/(loss) for the period | 35.5 | 9.6 | 5.3 | (7.9) | 42.5 |
| Attributable to parent | 35.5 | 9.6 | 5.3 | (7.9) | 42.5 |

| | Plastic Packaging | Property Investment | Holdings | Eliminations | Total |
|---|---|---|---|---|---|
| **Revenue by region** | | | | | |
| Coastal regions | 129.7 | 3.2 | - | - | 132.9 |
| Inland | 183.7 | - | - | - | 183.7 |
| Total | 313.4 | 3.2 | - | - | 316.6 |
| | | | | | |
| Total assets | 772.3 | 123.9 | 339.0 | (410.6) | 824.6 |
| Total liabilities | 122.3 | 39.3 | 381.1 | (413.3) | 135.4 |
| | | | | | |
| **30 June 2021 (Audited)** | | | | | |
| Total assets | 752.7 | 102.1 | 381.0 | (408.3) | 827.5 |
| Total liabilities | 135.2 | 27.1 | 343.3 | (410.8) | 94.8 |
| | | | | | |
| Capital expenditure | 5.3 | 16.8 | - | - | 22.1 |

| | 31 December 2022 Unaudited | % Change | 31 December 2021 Unaudited |
|---|---|---|---|
| **Additional Information** | | | |
| Ordinary dividend/share paid (c) | 27.00 | -16 | 32.00 |
| Ordinary dividend/share proposed (c) | 15.80 | -19 | 19.40 |
| Special dividend per share declared (c) | - | -100 | 84.00 |
| Basic ordinary dividend cover (times) | 3.06 | | 3.06 |
| Weighted shares in issue (mil) | 70.047 | | 71.663 |
| Capital expenditure (Rmil) | 18.39 | -17 | 22.14 |
| Capital commitment (Rmil) | 12.20 | +38 | 8.86 |
| Closing share price (c) | 930 | -22 | 1 200 |

**CEO'S COMMENTARY**

Plastic converting is energy hungry! Reliable, stable and continuous supply of electricity is a necessity. Our plants experienced various levels of interruptions for 70% of the available production days for the past 6 months. These erratic and ever-escalating Eskom failures are nothing other than disastrous for operations, our people and the overall business climate. Out of stock situations have occurred, trading volumes were subdued and the economic impact is clearly felt. A 34% drop in operating profits (excluding treasury dividend income) for the plastics operation underscores this harsh reality.

In dealing with the challenges the business maximised the available hours of energy supply to keep supply chains intact. Waste, poor efficiencies and reduced productivity negatively impacted costs.
This approach is not sustainable with alternative solutions in the process of implementation. The management teams are engrossed in projects that combine investments in intelligent energy management solutions with appropriate labour structures and smart manufacturing techniques. Essentially a process of business practice repositioning to deal with the realities of the South African 'Eskom' day. Energy supply will find a form of stability with a mix from municipal curtailment agreements, additional generating capacities as well as solar and storage solutions.

Since not every manufacturer is exposed to the Eskom loadshedding, the competitive playing field is not level, even anticompetitive. This undue prejudice is set to impact the industry in the months to come. Energy availability simply trumps competence and fair opportunity. The next period will see shifts in the plastics manufacturing landscape with a number of business failures and job losses being an inevitable result.

Bowler has the financial and human resources and competencies to stabilise the challenges and possibly consider opportunities arising from this period. The full year results are unlikely to show improvements to the past period's performance, although we expect the operational costs to settle and the market demand to adjust.

Profit from operations dropped by 25% to R38.5 million. In the main, driven by lower activities and cost pressures. A repurchase of 1 139 085 shares for R11.4m was effected at an average cost of R10.01 per share. An interim dividend of 15.80c per share is declared.

**PF SASS**
**CHIEF EXECUTIVE OFFICER**

**BASIS OF PREPARATION**
The condensed consolidated results have been prepared in accordance with and containing the information required by IAS 34 Interim Financial Reporting and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The results comply with the JSE Listings Requirements and the Companies Act, 2008 of South Africa.

This announcement itself has not been audited or reviewed by the Group's auditors, Mazars.

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.

The information included in this announcement, including any forward-looking information, has not been reviewed or reported on by the Group's auditors.

**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 15.80 cps for the six months ended 31 December 2022 (2021: 19.40 cps) has been declared and is payable to shareholders on Monday, 27 March 2023. The last day to trade will be Monday, 20 March 2023, the ex date is Wednesday, 22 March 2023 and the record date will be Friday, 24 March 2023. Share certificates may not be dematerialised or re-materialised between Wednesday, 22 March 2023 and Friday, 24 March 2023, both days inclusive.

The dividend will be made from income reserves. The gross dividend is 15.80 cps. Dividend Withholding Tax ("DWT") is 20%. The net local cash dividend to shareholders liable for DWT will therefore be 12.64 cps.

Number of shares in issue at the date of declaration is 76 132 087 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**
No significant events occurred subsequent to 31 December 2022.

**COMPANY TAX NUMBER**
9775130710

PF Sass (Chief Executive Officer)
GA Böhler (Chief Financial Officer)

**Cape Town**
7 February 2023

**Prepared by:**
AC September CA(SA)

**REGISTERED AUDITOR**
Mazars – Partner J Watkins-Baker – Registered Auditor
Mazars House, Rialto Road
Grand Moorings Precinct, Century City, 7441

**SPONSOR**
AcaciaCap Advisors Proprietary Limited
20 Stirrup Lane, Woodmead Office Park
Woodmead, 2191