

# CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL RESULTS

## for the six months ended 29 February 2016

Revenue  59% to R517,7 million

Adjusted EBITDA  65% to R41,3 million

Adjusted headline earnings  51% to R22,2 million

Net asset value per share  18% to 123 cps

Record production volumes at Centlube

Capital raise and empowerment transaction successfully concluded

Genmatics acquisition finalised and successfully integrated into the group

enX GROUP LIMITED (Incorporated in the Republic of South Africa) (Registration number 2001/029771/06) JSE share code: ENX ISIN: ZAE000195723 ("enX" or "the company" or "the group")

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited for the six months ended 29 February 2016	Unaudited for the six months ended 28 February 2015*	Audited for the year ended 31 August 2015
	% change	R'000	R'000
<b>Revenue</b>	59	517 726	326 469
Cost of sales		(378 438)	(227 870)
<b>Gross profit</b>	41	139 288	98 599
Gross profit (%)		27	30
Other operating income		754	11 014
Net operating expenses		(107 225)	(81 656)
Impairment of goodwill		–	(10 961)
IFRS2 share appreciation rights charge		(6 579)	(15 796)
<b>Profit from operations before interest and taxation</b>		26 238	1 200
<b>Net interest (paid)/received</b>		(1 750)	442
Interest received		1 419	1 238
Interest paid		(3 169)	(796)
Share of other comprehensive loss of equity accounted investments		(187)	(151)
<b>Profit before taxation</b>		24 301	1 491
Taxation expense		(6 851)	(2 037)
<b>Total comprehensive income/(loss) for the period</b>		17 450	(546)
Number of shares in issue		562 327 001	421 689 018
Weighted average number of shares		559 252 947	405 910 347
Earnings/(loss) per share (cents)**	2 418	3,1	(0,1)
Headline earnings per share (cents)**	26	3,1	2,5
Adjusted headline earnings per share (cents) <sup>1</sup>	7	4,0	3,7
EBITDA (R'000) <sup>2</sup>	360	34 697	7 536
Adjusted EBITDA (R'000) <sup>2</sup>	65	41 276	25 021

\* Restated for IFRS 3 adjustments, refer to note on Comparatives.  
\*\* enX has no dilutionary instruments in issue

	Unaudited for the six months ended 29 February 2016	Unaudited for the six months ended 28 February 2015*	Audited for the year ended 31 August 2015
	% change	R'000	R'000
<b>1. Headline earnings reconciliation</b>			
Attributable income/(loss) for the period		17 450	(546)
Net (profit)/loss on disposal of property, plant and equipment		(17)	26
Gain on disposal of subsidiary		–	(417)
Impairment of goodwill		–	10 961
Tax effect of adjustments		5	(7)
<b>Headline earnings</b>	74	17 438	10 017
IFRS2 share appreciation rights charge		6 579	15 796
Release of straightline provision for operating lease		–	(9 272)
Tax effect of adjustments		(1 842)	(1 738)
<b>Adjusted headline earnings</b>	51	22 175	14 714
<b>2. EBITDA reconciliation</b>			
Profit from operations before interest and taxation		26 238	1 200
Depreciation and amortisation		8 459	6 336
<b>EBITDA</b>	360	34 697	7 536
IFRS2 share appreciation rights charge		6 579	15 796
Release of straightline provision for operating lease		–	(9 272)
Impairment of goodwill		–	10 961
<b>Adjusted EBITDA</b>	65	41 276	25 021
Adjusted EBITDA (%)		8,0	7,7

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 29 February 2016	Unaudited as at 28 February 2015*	Audited as at 31 August 2015
	R'000	R'000	R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	318 690	230 139	246 315
Property, plant and equipment	118 811	62 461	80 271
Goodwill	164 776	125 426	125 931
Intangible assets	21 000	22 618	21 809
Deferred taxation	13 612	19 634	17 626
Investment in associate	491	–	678
<b>Current assets</b>	656 773	498 359	636 981
Inventories	351 086	247 092	353 736
Trade and other receivables	243 032	190 395	248 630
Taxation receivable	–	10 431	655
Cash and cash equivalents	62 655	50 441	33 960
<b>Total assets</b>	975 463	728 498	883 296
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Capital and reserves</b>	692 455	438 958	461 346
Stated capital	559 046	345 387	345 387
Accumulated profits	133 409	93 571	115 959
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>	42 575	12 164	36 894
Interest-bearing liabilities	26 824	4 499	30 041
Interest-bearing vendor loan	8 194	–	–
Deferred taxation	7 557	7 665	6 853
<b>Current liabilities</b>	240 433	277 376	385 056
Trade and other payables	224 716	243 084	296 631
Interest-bearing liabilities	10 507	30 958	65 169
Interest-bearing vendor loan	4 762	–	–
Bank overdraft	–	–	21 326
Taxation payable	448	3 334	1 930
<b>Total equity and liabilities</b>	975 463	728 498	883 296
Net asset value per share (cents)	123,1	104,1	109,4
Net tangible asset value per share (cents)	91,1	70,5	74,4
Average net operating assets (R'000)	559 642	393 150	424 303
Average net tangible operating assets (R'000)	386 738	244 106	276 563
Average net operating asset turnover (x)	1,9	1,6	2,1
Average net tangible operating asset turnover (x)	2,9	2,6	3,2
Adjusted operating profit margin (%)	6,2	5,7	6,0
Pre-tax return on average net operating assets (%)	11,9	9,2	12,6
Pre-tax return on average net tangible operating assets (%)	17,9	14,9	19,2

\* Restated for IFRS 3 adjustments, refer to note on Comparatives.

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited for the six months ended 29 February 2016	Unaudited for the six months ended 28 February 2015*	Audited for the year ended 31 August 2015
	R'000	R'000	R'000
<b>Operating activities</b>			
Profit before taxation	24 301	1 491	33 315
Non-cash items and other adjustments	25 705	18 326	21 922
	50 006	19 817	55 237
Increase in working capital	(78 774)	(22 145)	(124 441)
Cash utilised by operations	(28 768)	(2 328)	(69 204)
Interest received	1 419	1 238	1 997
Interest paid	(2 539)	(796)	(4 162)
Taxation paid	(2 960)	(2 077)	(1 932)
<b>Cash outflow from operating activities</b>	(32 848)	(3 963)	(73 301)
<b>Investing activities</b>			
Additions to property, plant and equipment	(12 405)	(13 950)	(42 454)
Business combinations	(61 112)	(38 035)	(39 598)
Proceeds on disposal of property, plant and equipment	606	893	6 597
Sale of interest in subsidiaries	–	–	(280)
Loan repayment from associate	–	–	772
<b>Cash outflow from investing activities</b>	(72 911)	(51 092)	(74 963)
<b>Financing activities</b>			
Net inflow from issue of shares	213 659	–	–
Interest-bearing liabilities (repaid)/raised	(57 879)	31 852	87 254
<b>Cash inflow from financing activities</b>	155 780	31 852	87 254
Net inflow/(outflow) of cash and cash equivalents	50 021	(23 203)	(61 010)
Cash and cash equivalents at beginning of period	12 634	73 644	73 644
<b>Cash and cash equivalents at end of period</b>	62 655	50 441	12 634

\* Restated for IFRS 3 adjustments, refer to note on Comparatives.

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited for the six months ended 29 February 2016	Unaudited for the six months ended 28 February 2015*	Audited for the year ended 31 August 2015
	R'000	R'000	R'000
<b>Stated capital</b>	559 046	345 387	345 387
Balance at beginning of period	345 387	295 497	295 497
Additional shares issued	213 659	49 890	49 890
<b>Accumulated profits</b>	133 409	93 571	115 959
Balance at beginning of period	115 959	94 117	94 117
Attributable income/(loss) for the period	17 450	(546)	21 842
<b>Total capital and reserves</b>	692 455	438 958	461 346

\* Restated for IFRS 3 adjustments, refer to note on Comparatives.

### CONDENSED SEGMENTAL ANALYSIS

	Power			Fuel			Wood			Head Office			Consolidation			Total		
	Unaudited for the six months ended 29 February 2016	Unaudited for the six months ended 28 February 2015	Audited for the year ended 31 August 2015	Unaudited for the six months ended 29 February 2016	Unaudited for the six months ended 28 February 2015	Audited for the year ended 31 August 2015	Unaudited for the six months ended 29 February 2016	Unaudited for the six months ended 28 February 2015	Audited for the year ended 31 August 2015	Unaudited for the six months ended 29 February 2016	Unaudited for the six months ended 28 February 2015	Audited for the year ended 31 August 2015	Unaudited for the six months ended 29 February 2016	Unaudited for the six months ended 28 February 2015	Audited for the year ended 31 August 2015	Unaudited for the six months ended 29 February 2016	Unaudited for the six months ended 28 February 2015	Audited for the year ended 31 August 2015
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>Revenue</b>	244 602	175 291	454 620	159 853	48 951	210 000	113 271	102 227	218 215	19 152	12 788	26 481	(19 152)	(12 788)	(26 481)	517 726	326 469	882 835
External Sales	244 602	175 291	454 620	159 853	48 951	210 000	113 271	102 227	218 215	–	–	–	–	–	–	517 726	326 469	882 835
Intercompany sales	–	–	–	–	–	–	–	–	–	19 152	12 788	26 481	(19 152)	(12 788)	(26 481)	–	–	–
<b>Gross profit</b>	72 671	54 509	136 984	31 116	10 730	47 932	35 501	33 359	72 109	19 152	12 788	26 481	(19 152)	(12 787)	(29 139)	139 288	98 599	254 367
Gross profit %	30	31	30	19	22	23	31	33	33	–	–	–	–	–	–	27	30	29
<b>Profit/(loss) from operations before interest and taxation</b>	11 336	14 083	39 645	7 156	2 151	2 938	2 607	4 104	7 514	5 159	(7 705)	27 164	(20)	(11 433)	(41 704)	26 238	1 200	35 577
EBITDA <sup>1</sup>	29 641	26 526	64 791	11 213	3 399	8 026	7 717	9 533	17 249	5 278	(7 688)	27 290	(19 152)	(24 234)	(68 183)	34 697	7 536	49 173
Adjusted EBITDA	29 980	18 894	55 583	11 292	4 461	8 026	7 795	9 741	17 431	(7 772)	(6 529)	(14 843)	(19)	(1 546)	145	41 276	25 021	66 342
Capital expenditure	8 714	8 795	22 213	2 813	2 301	11 792	837	2 095	7 495	41	759	954	–	–	–	12 405	13 950	42 454
Depreciation and amortisation	3 071	1 866	3 992	3 011	1 026	3 662	2 256	3 427	5 691	121	17	126	–	–	145	8 459	6 336	13 616
Taxation expense/(income)	2 245	3 171	10 787	748	518	(101)	728	758	2 103	3 357	(2 297)	(976)	(227)	(113)	(340)	6 851	2 037	11 473
Total assets	491 891	311 619	445 675	212 804	153 444	215 498	150 424	128 736	132 704	342 026	367 326	331 778	(221 682)	(232 627)	(242 359)	975 463	728 498	883 296
Total liabilities	135 612	117 445	198 897	86 491	116 184	158 125	64 748	47 365	49 344	36 549	30 182	76 365	(40 390)	(21 635)	(60 781)	283 010	289 541	421 950
Net tangible operating assets <sup>4</sup>	302 800	193 465	258 306	140 320	68 413	138 505	74 971	74 841	96 005	305 118	(22 024)	338 483	(327 220)	(31 029)	(259 200)	495 989	283 666	572 099
Number of employees	306	278	271	48	45	42	160	155	157	7	7	7	–	–	–	521	485	477

\* Restated for IFRS 3 adjustments, refer to note on Comparatives.

1. All subsidiary EBITDA figures exclude intercompany management fees.  
2. Excludes goodwill and intangibles which are attributable to the Power and Fuel segments

### COMMENTARY

enX is an industrial energy and supplies group that provides quality branded and in some segments, locally manufactured capital and consumable goods and support services to a broad range of economic sectors in South Africa and sub-Saharan Africa. Clients range from heavy industry, automotive, mining and construction groups to wholesalers, retailers, technology and telecommunications companies, banks and manufacturers. Adding value to the products sold by offering ongoing servicing and customer support is a key component of enX's business model.

enX currently comprises three business segments:

- Power segment ("Power") which incorporates:
  - Private Power Sales: The manufacture, supply, installation and maintenance of diesel generators and related components.
  - Power Product Distribution: The distribution of industrial engines, marine engines and components.
  - Temporary Power: Rental of temporary power in the form of diesel generators.
- Fuel segment ("Fuel") incorporates the production and marketing of oil lubricants.
- Wood segment ("Wood") which incorporates:
  - The distribution of professional woodworking equipment, sale of related consumables and the provision of associated services such as blade sharpening and equipment maintenance.

In line with management's intention to expand the Temporary Power unit within the Power Segment, the group acquired the diesel generator rental business of Galepops 2661 CC (trading as Genmatics), effective 1 September 2015.

Genmatics operates a diesel generator rental business offering generators ranging in size from 30 kVA to 1 000 kVA to clients across South Africa.

This transaction gave enX's diesel generator rental business an immediate and substantial presence in KwaZulu-Natal, thereby establishing a national footprint. The combined Temporary Power fleet is now in excess of 250 generator sets, ranging in size from 4,5 kVA to 1 000 kVA. As part of the integration of this acquisition, the rental unit has since been rebranded as Genmatics (previously Neptune Plant Hire).