



UNAUDITED CONDENSED CONSOLIDATED RESULTS

for the 6 months ended 31 August 2020

STEFANUTTI STOCKS HOLDINGS LIMITED
(“Stefanutti Stocks” or “the company” or “the group”)
(Registration number: 1996/003767/06)
(Share code: SSK ISIN: ZAE000123766)

- Revenue R1,7 billion
- Cash at end of year R756 million
- Current order book R7,4 billion

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

R'000	% Increase/ (Decrease)	Unaudited 6 months ended 31 August 2020	Restated 6 months ended 31 August 2019	Restated 12 months ended 29 February 2020
Continuing operations				
Contract revenue	(43)	1 662 230	2 910 718	5 316 203
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	94	(44 952)	(802 393)	(689 150)
Depreciation and amortisation		(33 216)	(36 161)	(74 173)
Impairment of assets/goodwill		(22 982)	(26 371)	(52 995)
Operating loss before investment income	88	(101 150)	(864 925)	(816 318)
Investment income		18 627	13 264	24 965
Share of profits of equity-accounted investees		6 966	15 787	47 486
Operating loss before finance costs		(75 557)	(835 874)	(743 867)
Finance costs		(56 943)	(40 588)	(79 648)
Loss before taxation		(132 500)	(876 462)	(823 515)
Taxation		(36 658)	(32 775)	(4 290)
Loss for the period from continuing operations		(169 158)	(909 237)	(827 805)
Loss after tax for the period from discontinued operations		(80 123)	(131 540)	(244 243)
Loss for the period		(249 281)	(1 040 777)	(1 072 048)
Other comprehensive income		(23 615)	43 254	51 962
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss))		2 431	43 254	51 962
Impairment losses on revalued assets		(26 046)	-	-
Total comprehensive income		(272 896)	(997 523)	(1 020 086)
Loss attributable to:				
Equity holders of the company		(245 951)	(1 040 833)	(1 070 943)
Loss for the period from continuing operations		(165 828)	(909 293)	(826 700)
Loss for the period from discontinued operations		(80 123)	(131 540)	(244 243)
Non-controlling interest		(3 330)	56	(1 105)
Loss for the period from continuing operations		(3 330)	56	(1 105)
Loss for the period from discontinued operations		-	-	-
		(249 281)	(1 040 777)	(1 072 048)
Total comprehensive income attributable to:				
Equity holders of the company		(271 028)	(995 185)	(1 016 040)
Loss for the period from continuing operations		(169 725)	(884 835)	(785 631)
Loss for the period from discontinued operations		(101 303)	(110 350)	(230 409)
Non-controlling interest		(1 868)	(2 338)	(4 046)
Loss for the period from continuing operations		(1 868)	(2 338)	(4 046)
Loss for the period from discontinued operations		-	-	-
		(272 896)	(997 523)	(1 020 086)
Earnings per share (cents)				
Continuing operations	82%	(99.15)	(543.69)	(494.31)
Discontinued operations	39%	(47.91)	(78.66)	(146.04)
Total operations	76%	(147.06)	(622.35)	(640.35)
Diluted earnings per share (cents)				
Continuing operations	82%	(99.15)	(543.69)	(494.31)
Discontinued operations	39%	(47.91)	(78.66)	(146.04)
Total operations	76%	(147.06)	(622.35)	(640.35)

Treasury shares were not included in the calculation of diluted earnings per share or diluted headline earnings per share as their effect is anti-dilutive.

DISAGGREGATION OF CONTRACT REVENUE

Contract revenue can be further disaggregated as follows:	Unaudited 6 months ended 31 August 2020	Restated 6 months ended 31 August 2019	Restated 12 months ended 29 February 2020
Geographical			
Within South Africa	1 049 151	2 280 212	4 132 845
Construction & Mining	722 186	1 266 756	2 512 156
Building	326 965	1 013 456	1 620 689
Outside South Africa	613 079	630 506	1 183 358
Construction & Mining	594 932	538 658	1 070 063
Building	18 147	17 848	30 941
M&E	-	74 321	82 354
Total	1 662 230	2 910 718	5 316 203
Sector			
Private	876 489	1 672 382	2 934 384
Construction & Mining	590 370	729 858	1 491 992
Building	286 119	868 203	1 360 038
M&E	-	74 321	82 354
Public	785 741	1 238 336	2 381 819
Construction & Mining	726 748	1 075 556	2 090 227
Building	58 993	162 780	291 592
Total	1 662 230	2 910 718	5 316 203

STATEMENT OF CHANGES IN EQUITY

R'000	Share capital and premium	Foreign currency translation reserve	Revaluation surplus reserve	Legal reserve	Reserves of disposal groups held for sale	Accumulated loss	Attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at 28 February 2019 audited	1 007 718	59 829	118 961	-	559 436	1 745 944	(14 192)	1 731 752	
Realisation of revaluation reserve	-	-	(3 956)	-	3 956	-	-	-	
Total comprehensive income	-	45 648	-	-	(1 040 833)	(995 185)	(2 338)	(997 523)	
Loss	-	-	-	-	(1 040 833)	(1 040 833)	56	(1 040 777)	
Other comprehensive income	-	45 648	-	-	-	45 648	(2 394)	43 254	
Balance at 31 August 2019	1 007 718	105 477	115 005	-	(477 441)	750 759	(16 530)	734 229	
Realisation of revaluation reserve	-	-	(2 066)	-	2 066	-	-	-	
Total comprehensive income	-	9 255	-	-	(30 110)	(20 855)	(1 708)	(22 563)	
Loss	-	9 255	-	-	(30 110)	(30 110)	(1 161)	(31 271)	
Other comprehensive income	-	-	-	-	9 255	9 255	(547)	8 708	
Transfer to Legal Reserve	-	-	764	-	(764)	-	-	-	
Balance at 29 February 2020 audited	1 007 718	114 732	112 939	764	(506 249)	729 904	(18 238)	711 666	
Discontinued operations	-	(5 606)	(56 839)	-	62 445	(5 531)	(245 951)	(271 028)	
Total comprehensive income	-	6 500	(26 046)	-	(245 951)	(245 951)	(3 330)	(249 281)	
Loss	-	6 500	(26 046)	-	(5 531)	(25 077)	1 462	(23 615)	
Other comprehensive income	-	-	-	-	-	-	-	-	
Balance at 31 August 2020 unaudited	1 007 718	115 626	30 054	764	56 914	(752 200)	(20 106)	438 770	

Commentary to the statement of profit or loss and other comprehensive income

Headline earnings reconciliation	% Increase	Continuing operations 31 Aug 2020	Continuing operations 31 Aug 2019	Continuing operations 29 Feb 2020	Continuing operations 31 Aug 2020	Total operations 31 Aug 2019	Total operations 29 Feb 2020
Loss after taxation attributable to equity holders of the company		(165 828)	(909 293)	(826 700)	(245 951)	(1 040 833)	(1 070 943)
Adjusted for:							
Profit on disposal of plant and equipment		(3 317)	(927)	(7 947)	(10 781)	(2 667)	(11 946)
Tax effect		928	269	2 878	3 020	756	3 998
Bargain purchase gain		-	-	(15 169)	-	-	(15 169)
Net loss on sale of subsidiaries		1 387	-	-	1 387	-	-
Loss on re-measurement to fair value less costs to sell		-	-	12 953	-	-	-
Impairment of assets/goodwill		22 982	26 371	52 995	24 603	26 371	52 995
Headline earnings		(143 848)	(883 580)	(793 943)	(214 769)	(1 016 373)	(1 041 065)
Number of weighted average shares in issue		167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684
Number of diluted weighted average shares in issue		188 080 746	188 080 746	188 080 746	188 080 746	188 080 746	188 080 746
Headline earnings per share (cents)	84%	(86.01)	(528.32)	(474.72)	(128.42)	(607.72)	(622.48)
Diluted headline earnings per share (cents)	84%	(86.01)	(528.32)	(474.72)	(128.42)	(607.72)	(622.48)

Shareholders are referred to the webcast and presentation relating to the unaudited condensed consolidated results for the 6 months ended 31 August 2020 which is available on the company's website: www.stefanuttistocks.com. The links are https://stefanuttistocks.com/investors/audio-visual-presentations/results-aug-2020/ and https://stefanuttistocks.com/investors/presentations/interim-results-aug-2020/

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated results for the period ended 31 August 2020 (results for the period) have been prepared in accordance with framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements issued by the Financial Reporting Standards Council. The report contains the information required by International Accounting Standard IAS 34: Interim Financial Reporting and is in compliance with the Listings Requirements of the JSE Limited and the requirements of the South African Companies Act 71 of 2008. The accounting policies as well as the methods of computation used in the preparation of the results for the period ended 31 August 2020 are in terms of IFRS and are consistent with those applied in the audited annual financial statements for the year ended 29 February 2020.

There is no significant difference between the carrying amounts of financial assets and liabilities and their fair values. The fair value measurement for land and buildings are categorised as a level 3, based on the valuation method of income capitalisation using observable inputs i.e. market capitalisation rates and income/expenditure ratio. The results are presented in Rand, which is Stefanutti Stocks' functional currency.

The company's directors are responsible for the preparation and fair presentation of the unaudited condensed consolidated results. These results have been compiled under the supervision of the Chief Financial Officer, AV Cocciante, CA(SA).

COVID-19

Stefanutti Stocks' priority continues to be the health and safety of its employees. The management of the group remains committed to supporting the initiatives that the governments have implemented in the various countries in which the group operates. Importantly, Stefanutti Stocks continues to adhere to the required protocols and maintains a close working relationship with clients and key stakeholders to mitigate the extensive impact of COVID-19 and reduce the long-term effects on its business. The reporting period was negatively affected by COVID-19, which details are available in note 28 of the Consolidated Annual Financial Statements for the year ended 29 February 2020, which was issued on 18 August 2020.

GROUP PROFILE

Stefanutti Stocks is a construction company operating throughout South Africa, sub-Saharan Africa and the United Arab Emirates with multi-disciplinary expertise including concrete structures, marine construction, piling and geotechnical services, roads and earthworks, bulk pipelines, open-pit contract mining and surface mining related services, all forms of building works, including affordable housing, and mechanical and electrical installation and construction.

RESTRUCTURING PLAN UPDATE

The group hereby provides shareholders with an update on the Restructuring Plan as reported in the Consolidated Annual Financial Statements of Stefanutti Stocks for the year ended 29 February 2020 issued on 18 August 2020 and subsequent disposal of properties announcement issued on 21 October 2020.

As previously reported, the Restructuring Plan has been approved by both the company's board of directors and the Lenders and envisages, inter alia:

- the sale of non-core assets;
- the sale of underutilised plant and equipment;
- the sale of certain divisions/subsidiaries;
- internal restructuring initiatives required to restore optimal operational and financial performance;
- the securing of additional short-term funding of R430 million, of which R270 million relates to the negative effects of the national lockdown

STATEMENT OF FINANCIAL POSITION

R'000	Unaudited 31 August 2020	Audited 29 February 2020
ASSETS		
Non-current assets	1 168 763	2 606 385
Property, plant and equipment	488 041	1 591 318
Equity-accounted investees	29 526	342 361
Goodwill and intangible assets	404 591	405 930
Deferred tax assets	246 605	266 776
Current assets	3 341 073	4 038 663
Other current assets	2 481 975	3 186 154
Taxation	85 307	79 620
Bank balances	773 791	772 889
Non-current assets held for sale and disposal groups	1 734 712	-
Total assets	6 244 548	6 645 048
EQUITY AND LIABILITIES		
Capital and reserves	438 770	711 666
Share capital and premium	1 007 718	1 007 718
Other reserves	146 444	228 435
Reserves of disposal groups held for sale	56 914	-
Accumulated loss	(752 200)	(506 249)
Equity holders of the company	458 876	729 904
Non-controlling interest	(20 106)	(18 238)
Non-current liabilities	480 740	896 398
Financial liabilities	222 275	479 627
Excess billings over work done	171 010	284 823
Provisions	87 455	121 948
Current liabilities	4 512 094	5 036 984
Financial liabilities*	2 565 936	2 985 721
Excess billings over work done	1 108 561	1 053 733
Provisions	728 652	885 103
Taxation	90 760	90 051
Bank overdraft	18 185	32 376
Liabilities directly associated with discontinued operations**	812 944	-
Total equity and liabilities	6 244 548	6 645 048
* including interest-bearing liabilities of	1 243 835	998 135
** including interest-bearing liabilities of	140 446	-
Commentary to the statement of financial position		
Total number of net shares in issue	167 243 684	167 243 684
Net asset value per share (cents)	274.38	436.43
Net tangible asset value per share (cents)	32.46	193.71

STATEMENT OF CASH FLOWS

R'000	Unaudited 6 months ended 31 August 2020	Unaudited 6 months ended 31 August 2019	Audited 12 months ended 29 February 2020
Cash consumed by operations	(178 617)	(503 049)	(751 406)
Interest received	20 541	16 042	29 740
Finance costs	(35 174)	(36 747)	(65 952)
Dividends received	569	12 188	29 952
Taxation paid	(32 741)	(26 722)	(60 309)
Cash flows from operating activities	(225 422)	(538 288)	(817 975)
Net proceeds received	24 431	79 130	102 422
Expenditure for expansion	(4 746)	(8 185)	(28 367)
Net cash inflow due to business combinations	-	-	46 330
Cash flows from investing activities	19 685	70 945	120 385
Movements on long- and short-term financing	366 303	(52 158)	531 218
Cash flows from financing activities	366 303	(52 158)	531 218
Net increase/(decrease) in cash for the period	160 566	(519 501)	(166 372)
Effect of exchange rate changes on cash and cash equivalents	6 504	35 057	26 114
Cash and cash equivalents at beginning of year	740 513	880 771	880 771
Cash at the end of the period – Discontinued operations	(151 977)	-	-
Cash and cash equivalents at the end of the period	755 606	396 327	740 513

SEGMENT INFORMATION

31 August 2020 (unaudited)	Construction & Mining	Building	M&E	Reconciling segments*	Total
Contract revenue	1 317 118	345 112	-	-	1 662 230
Intersegment contract revenue	-	4 714	-	-	4 714
Reportable segment profit/(loss) – Continuing operations	46 703	(116 767)	(1 559)	(97 535)	(169 158)
Reportable segment profit/(loss) – Discontinued operations	(42 899)	6 967	(44 191)	-	(80 123)
Reportable segment assets	3 578 686	1 610 863	428 000	626 999	