



reviewed results

for the year ended
31 march 2023

2023

condensed consolidated statement of profit and loss and other comprehensive income

for the year ended 31 march 2023

	Reviewed March 2023 R'000	Audited March 2022 R'000
Revenue	805 139	777 111
Cost of sales	(712 901)	(686 756)
Gross profit	92 238	90 355
Other income	1 410	7 512
Operating expenses	(73 074)	(81 670)
Operating profit	20 574	16 197
Interest income	3 418	1 661
Interest expense	(391)	(658)
Profit before taxation	23 601	17 200
Taxation	(4 599)	190
Profit and total comprehensive income	19 002	17 390
Profit and total comprehensive income attributable to:		
Ordinary shareholders of the company	18 609	15 506
Non-controlling interests	393	1 884
Profit and total comprehensive income	19 002	17 390
Basic earnings per share and diluted earnings per share (cents)	23.38	18.36

condensed consolidated statement of financial position

as at 31 march 2023

	Reviewed March 2023 R'000	Audited March 2022 R'000
ASSETS		
Non-current assets	41 104	39 181
Equipment and vehicles	4 075	4 935
Investment property	3 500	3 500
Right-of-use assets	3 943	5 346
Goodwill and intangible asset	19 481	20 886
Deferred tax asset	10 105	4 514
Current assets	206 276	195 892
Inventories	63	56
Trade and other receivables	143 116	133 477
Contract assets	1 487	2 770
Cash and cash equivalents	61 610	59 589
Total assets	247 380	235 073
EQUITY AND LIABILITIES		
Capital and reserves	176 508	169 614
Ordinary share capital and share premium	2 400	2 405
Treasury shares	(22 403)	(16 681)
Retained earnings	205 058	192 830
Equity attributable to equity holders of the company	185 055	178 554
Non-controlling interests	(8 547)	(8 940)
Non-current liabilities	1 642	3 440
Lease liabilities	1 642	2 738
Contingent consideration	–	702
Current liabilities	69 230	62 019
Trade and other payables	64 006	54 986
Lease liabilities	2 841	3 046
Contingent consideration	–	324
Taxation payable	2 383	3 663
Total equity and liabilities	247 380	235 073

condensed consolidated statement of changes in equity

for the year ended 31 march 2023

	Share capital R '000	Share premium R '000	Treasury shares R '000	Retained earnings R '000	Equity attributable to equity holders of the company R '000	Non- controlling interests R '000	Total equity R '000
Opening balance at 1 April 2021	1 230	1 259	(17 039)	188 258	173 708	(13 896)	159 812
Total comprehensive income – profit	–	–	–	15 506	15 506	1 884	17 390
Dividends paid (4.00 cents)	–	–	–	(3 415)	(3 415)	–	(3 415)
Disposal to non-controlling interests	–	–	–	(3 072)	(3 072)	3 072	–
Shares cancelled (2021)	(4)	(4)	358	(350)	–	–	–
Shares cancelled (2022)	(38)	(38)	–	(4 097)	(4 173)	–	(4 173)
Closing balances at 31 March 2022 (audited)	1 188	1 217	(16 681)	192 830	178 554	(8 940)	169 614
Total comprehensive income – profit				18 609	18 609	393	19 002
Dividends paid (8.00 cents)				(6 082)	(6 082)		(6 082)
Acquisition of treasury shares			(6 026)		(6 026)		(6 026)
Shares cancelled	(3)	(2)	304	(299)	–		–
Closing balances at 31 March 2023 (reviewed)	1 185	1 215	(22 403)	205 058	185 055	(8 547)	176 508

condensed consolidated statement of cash flows

for the year ended 31 march 2023

	Reviewed March 2023 R'000	Audited March 2022 R'000
Cash flows from operations	23 979	39 096
Interest income	3 418	1 661
Interest expense	(10)	(80)
Taxation paid	(6 134)	(38)
Cash flows generated from operating activities	21 253	40 639
Cash flows utilised in investing activities	(4 196)	(5 995)
– purchase of equipment and vehicles	(306)	(2 145)
– purchase of contract assets	(3 890)	(3 850)
Cash flows utilised in financing activities	(15 036)	(11 801)
– acquisition of treasury shares	(6 026)	(4 173)
– repayment of lease liabilities	(2 928)	(4 213)
– dividends paid	(6 082)	(3 415)
Net increase in cash and cash equivalents	2 021	22 843
Cash and cash equivalents at beginning of year	59 589	36 746
Cash and cash equivalents at end of year	61 610	59 589

segmental analysis

for the year ended 31 march 2023

	Reviewed March 2023 R'000	Audited March 2022 R'000
Revenue: Sales to external clients	805 139	777 111
Total	805 139	777 111
Business segment operating profit results		
Integrated Business Support Services	37 138	34 041
Shared Services	(16 564)	(17 844)
Operating profit	20 574	16 197
Interest income	3 418	1 661
Interest expense	(391)	(658)
Profit before taxation	23 601	17 200
Business segment assets		
Integrated Business Support Services	167 348	168 694
Shared Services	80 032	66 379
Total	247 380	235 073
Business segment liabilities		
Integrated Business Support Services	63 294	61 447
Shared Services	7 578	4 012
Total	70 872	65 459
Business segment net assets		
Integrated Business Support Services	104 054	107 247
Shared Services	72 454	62 367
Total	176 508	169 614

Basis of preparation

The reviewed condensed consolidated results for the year ended 31 March 2023 have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and Financial Pronouncements as issued by the Financial Reporting Standards Council. The report contains the information required by International Accounting Standard (IAS) 34: Interim Financial Reporting, and are in compliance with the Companies Act and the Listings Requirements of the JSE Limited. The accounting policies as well as the methods of computation used in the preparation of the results for the year ended 31 March 2023 are in terms of IFRS and are consistent with those applied in the audited annual financial statements for the year ended 31 March 2022. The results are presented in Rand, which is Primeserv's reporting currency, and are rounded to the nearest thousand.

The company's directors are responsible for the preparation and fair presentation of the reviewed provisional condensed consolidated results. These results have been prepared by the Group Financial Director, Mr R Sack, CA(SA).

Auditor's review

The results have been reviewed by the group's auditors, PKF Octagon Incorporated. Their unqualified review conclusion is available for inspection on the company's website. Their review was conducted in accordance with ISRE 2410: Review of interim financial information performed by the independent auditor of the entity.

Headline earnings per share

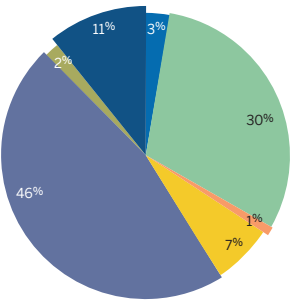
	Reviewed March 2023 R'000	Audited March 2022 R'000
Attributable earnings	18 609	15 506
Headline earnings adjustments		
Loss on disposal of equipment and vehicles	35	10
Gross loss	48	14
Tax effect	(13)	(4)
Attributable headline earnings	18 644	15 516
Headline earnings and diluted headline earnings per share (cents)	23.42	18.36
Weighted average number of shares for the year ('000)	79 600	84 459

Net asset value per share

	Reviewed March 2023	Audited March 2022
Number of shares in issue at year end (net of treasury shares) ('000)	77 000	81 000
Net asset value per share (cents)	240	220
Tangible net asset value per share (cents)	210	189

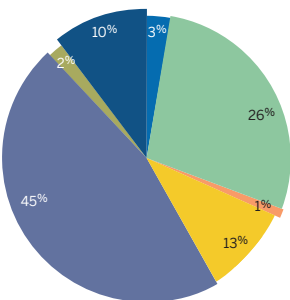
Disaggregation of revenue

sales by sector
year ended 2023



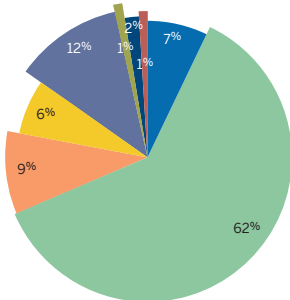
- construction support services
- general business support services
- engineering and mining project support services
- industrial and manufacturing support services

sales by sector
year ended 2022



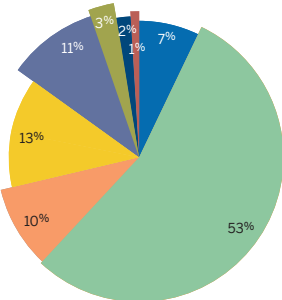
- logistics and distribution support services
- engineering and mining project support services
- construction support services
- industrial and manufacturing support services
- general business support services
- petrochemical support services

sales by geographic region
year ended 2023



- eastern cape
- kwazulu-natal
- gauteng
- mpumalanga

sales by geographic region
year ended 2022



- western cape
- limpopo
- free state
- rest of south africa

notes

continued

Final dividend

Notice is hereby given that a final gross cash dividend of 7.00 cents per share (2022: final gross dividend of 6.00 cents per share) for the year ended 31 March 2023 was declared on Friday, 30 June 2023, payable to shareholders recorded in the share register of the company at the close of business on the record date appearing below. The salient dates pertaining to the final dividend are as follows:

Last date to trade "cum" dividend	Monday, 7 August 2023
Date trading commences "ex" dividend	Tuesday, 8 August 2023
Record date	Friday, 11 August 2023
Date of payment	Monday, 14 August 2023

Ordinary share certificates may not be dematerialised or rematerialised between Tuesday, 8 August 2023 and Friday, 11 August 2023, both days inclusive.

Shareholders who are not exempt from the Dividend Withholding Tax of 20% will therefore receive a net dividend of 5.60 cents per share. The company has 116 747 100 ordinary shares in issue and its income tax reference number is 9408/002/71/6. The dividend is being paid out of income reserves. Shareholders are further advised that the dividend declared is the final dividend for the year ended 31 March 2023.

All times provided in this announcement are South African local times.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. Ordinary shareholders who hold dematerialised shares will have their accounts credited at their CSDP or broker on Monday, 14 August 2023.

Events after the reporting date

Other than the acquisition of AJR Enterprises CC and Pinnacle Outsource Solutions Proprietary Limited, as referred to in the commentary, the directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

Directors

DL Rose[#] (Chairperson), M Abel (CEO), B Kali^{*}, KM Matjila[#], LM Maisela[#], R Sack (FD)

[#]Independent non-executive ^{*}Non-executive

On behalf of the Board

DL Rose
Chairperson

M Abel
CEO

R Sack
FD

30 June 2023
Illovo, Sandton

commentary

The reporting period for the year ended 31 March 2023 was characterised by a highly unsettled and challenging socio-economic macro environment, both globally and in South Africa. High inflation worldwide, exacerbated by the ongoing war in Ukraine, continuing supply-chain constraints across key industries in which the group operates, the persisting spill-over effects of the civil unrest and flooding in KwaZulu-Natal, compounded by disruptions and the consequent cost and productivity impact of daily power supply failures and load shedding, combined with general margin pressure, created a tough trading environment for the year under review.

Notwithstanding these obstacles, Primeserv delivered a solid and improved operating performance for the year under review. This is reflected in improvements across key financial metrics. Revenue for the year increased by 4 percent, from R777.1 million to R805.1 million with gross profit increasing by 2 percent, from R90.4 million to R92.2 million. Operating expenses for the year under review showed a marked decrease in large part due to non-recurring costs that affected the prior year. Group EBITDA improved by 12 percent, from R24.1 million for the prior year, to R26.9 million for the current year, whilst operating profit was up by 27 percent, from R16.2 million to R20.6 million. Cash generation, following the repurchase of shares at a cost of R6.0 million and dividends paid of R6.1 million, continued to be positive with the group's net cash position increasing by R2.0 million to R61.6 million. Interest income increased by 100 percent, from R1.7 million to R3.4 million whilst the interest expense, relating mainly to interest on lease liabilities, decreased by 43 percent, from R0.7 million to R0.4 million. The group remains ungeared at the end of the year under review. Profit before tax has increased by 37 percent from R17.2 million for the prior year, to R23.6 million for the current year. Substantially higher year-on-year taxation impacted the group's profit after tax which increased by 9 percent from R17.4 million to R19.0 million. The improved performance is highlighted by the 27 percent increase in earnings per share, from 18.36 cents per share for the prior financial year, to 23.38 cents per share for the year under review. Headline earnings per share also improved, from 18.36 cents per share to 23.42 cents per share, an improvement of 28 percent.

Trade and other receivables were up by R9.6 million, with days sales outstanding moving out from 53 days at the end of the prior year to 55 days at the end of the current year which is primarily due to client payments received after the end of the financial year. The continued improvement in the strength of the group's balance sheet is evidenced by the 9 percent year-on-year increase in the net asset value per share, from 220 cents per share to 240 cents.

On the back of a stronger performance, the group has declared a final dividend of 7.0 cents per share, which brings the total dividend for the year under review to 9.0 cents per share, an increase of 20 percent year-on-year.

Primeserv's continuous improvement programme, centred on client service excellence, saw ongoing investment being made during the course of the year in expanding the group's nationwide infrastructure and service delivery capacity and capability. As previously reported, results over the short-term may be dampened by this ongoing investment programme in our people, in upskilling our youth, in further improving operating systems and digitisation, and in continually evolving the group's products and services to match our clients' needs, supported by enhanced brand, marketing and new business initiatives to grow and broaden the group's integrated business support service offerings.

During the year under review while there was a general uptick in economic activity across many of the sectors serviced by the group's operations, there continued to be a lag in certain key sectors of the groups areas of operations. Ongoing international supply chain constraints, particularly related to chip componentry and on-time delivery of seasonal inventories, hampered the return to full productivity at some of the group's clients.

Delays in the rebuilding of some regional wholesale and distribution centres and the slow start-up of, and delays to, projects in the construction sector and petrochemical industry impinged on anticipated growth within the group's specialised units servicing these sectors. Revenue growth was also impacted by the gap created by the group's exit from certain uneconomic contracts in the power generation sector.

A solid operational performance was nonetheless delivered across all of Primeserv's Integrated Business Support Services operating units. The staffing support services business units with specialised operations servicing warehousing, distribution and logistics clients across the wholesale and retail, and industrial and manufacturing value chains delivered a sound performance in a constantly fluctuating environment. Support services to the wholesale and retail sector experienced mixed demand levels throughout the year under review, whilst the manufacturing, construction and engineering sectors remained constrained. The group's project support services across the heavy engineering sector were muted, whilst mining project services experienced solid demand. Project services to the petrochemical sector continued to experience postponements, particularly those in KwaZulu-Natal, which remained impacted by past flood damage. The group's specialised artisan staffing and training services units, servicing clients within the electricity power generation sector were negatively impacted by unplanned and ongoing delays, or cancellations, of maintenance projects and shutdowns. The corporate training services unit showed positive progress in repositioning and reinventing its product and services offerings whilst, importantly, continuing to deliver on key skills development initiatives for the group.

commentary continued

As published on SENS on 30 May 2023, the group has acquired the businesses of AJR Enterprises CC and Pinnacle Outsource Solutions Proprietary Limited. This acquisition is a part of the group's strategy to further broaden its strong national presence within the logistics, transportation and distribution centre industry.

Whilst demand for the group's integrated business support services is returning to pre-pandemic levels, market conditions continue to be uneven and are impacted by extraneous factors. Inflationary input costs, increasing pressure on operating margins, unreliable electricity supply and, consequently, the difficult operating environment continues to exert pressure on organic growth opportunities. The year ahead will see further focus on seeking out acquisitions that expand and diversify the group's services offerings.

corporate information

PRIMESERV GROUP LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1997/013448/06

Share code: PMV

ISIN: ZAE000039277

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Harris Marcus Mahlangu

Werksmans

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Investec Bank Limited

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Johannesburg, 2090

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