

2023
unaudited
interim
financial results
for the 6 months ended
30 september 2023



condensed consolidated statement of profit and loss and other comprehensive income for the six months ended 30 September 2023

	Unaudited September 2023 R'000	Unaudited September 2022 R'000	Audited March 2023 R'000
Revenue	455 036	394 647	805 139
Cost of sales	(399 074)	(348 149)	(712 901)
Gross profit	55 962	46 498	92 238
Other income	159	1 015	1 410
Operating expenses	(42 980)	(36 706)	(73 074)
Operating profit	13 141	10 807	20 574
Interest income	2 167	1 408	3 418
Interest expense	(213)	(202)	(391)
Profit before taxation	15 095	12 013	23 601
Taxation	(3 285)	(1 923)	(4 599)
Profit and total comprehensive income	11 810	10 090	19 002
Profit and total comprehensive income attributable to:			
Ordinary shareholders of the company	11 523	10 019	18 609
Non-controlling interests	287	71	393
Profit and total comprehensive income	11 810	10 090	19 002
Basic earnings per share and diluted earnings per share (cents)	15.02	12.41	23.38



condensed consolidated statement of financial position

as at 30 September 2023

	Unaudited September 2023 R'000	Unaudited September 2022 R'000	Audited March 2023 R'000
ASSETS			
Non-current assets	55 161	37 576	41 104
Equipment and vehicles	5 113	4 473	4 075
Investment properties	8 075	3 500	3 500
Right-of-use assets	2 622	5 264	3 943
Goodwill and intangible assets	28 914	20 230	19 481
Deferred tax asset	10 437	4 109	10 105
Current assets	203 553	193 320	206 276
Inventories	44	83	63
Trade and other receivables	140 761	129 116	143 116
Contract assets	2 275	2 379	1 487
Cash and cash equivalents	60 473	61 742	61 610
Total assets	258 714	230 896	247 380
EQUITY AND LIABILITIES			
Capital and reserves	182 530	172 578	176 508
Ordinary share capital and share premium	2 365	2 405	2 400
Treasury shares	(20 678)	(18 978)	(22 403)
Retained income	209 103	198 020	205 058
Equity attributable to equity holders of the company	190 790	181 447	185 055
Non-controlling interests	(8 260)	(8 869)	(8 547)
Non-current liabilities	6 432	2 684	1 642
Lease liabilities	877	2 684	1 642
Contingent consideration	5 555	–	–
Current liabilities	69 752	55 634	69 230
Trade and other payables	58 540	51 084	64 006
Lease liabilities	2 276	3 096	2 841
Contingent consideration	3 612	736	–
Taxation payable	5 324	718	2 383
Total equity and liabilities	258 714	230 896	247 380

condensed consolidated statement of changes in equity for the six months ended 30 September 2023

	Unaudited September 2023 R'000	Unaudited September 2022 R'000	Audited March 2023 R'000
Balance at beginning of period	176 508	169 614	169 614
Total comprehensive income	11 523	10 019	18 609
Acquisition of treasury shares	(419)	(2 299)	(6 026)
Dividends paid	(5 369)	(4 827)	(6 082)
Non-controlling interests	287	71	393
Balance at end of period	182 530	172 578	176 508

condensed consolidated statement of cash flows for the six months ended 30 September 2023

	Unaudited September 2023 R'000	Unaudited September 2022 R'000	Audited March 2023 R'000
Cash flows from operations	14 135	13 867	22 755
Interest income	2 167	1 408	3 418
Interest expense	(52)	–	(10)
Taxation paid	(344)	(4 463)	(6 134)
Cash flows generated from operating activities	15 906	10 812	20 029
Cash flows utilised in investing activities	(9 733)	(83)	(2 972)
– purchase of equipment and vehicles	(1 463)	(83)	(307)
– purchase of property	(4 575)	–	–
– payment for business combination	(1 779)	–	–
– purchase of contract assets	(1 916)	–	(2 665)
Cash flows utilised in financing activities	(7 310)	(8 576)	(15 036)
– acquisition of treasury shares	(419)	(2 299)	(6 026)
– payment of lease liabilities	(1 522)	(1 450)	(2 928)
– dividends paid	(5 369)	(4 827)	(6 082)
Net increase/(decrease) in cash and cash equivalents	(1 137)	2 153	2 021
Cash and cash equivalents at beginning of period	61 610	59 589	59 589
Cash and cash equivalents at end of period	60 473	61 742	61 610

segmental analysis for the six months ended 30 September 2023

	Unaudited September 2023 R'000	Unaudited September 2022 R'000	Audited March 2023 R'000
Revenue: Sales to external clients			
Integrated Business Support Services	455 036	394 647	805 139
Shared Services	–	–	–
Total	455 036	394 647	805 139
Business segment operating profit			
Integrated Business Support Services	18 915	15 430	37 138
Shared Services	(5 774)	(4 623)	(16 564)
Operating profit	13 141	10 807	20 574
Interest income	2 167	1 408	3 418
Interest expense	(213)	(202)	(391)
Profit before taxation	15 095	12 013	23 601
Business segment assets			
Integrated Business Support Services	179 976	163 929	167 348
Shared Services	78 738	66 967	80 032
Total	258 714	230 896	247 380
Business segment liabilities			
Integrated Business Support Services	68 692	51 591	63 294
Shared Services	7 492	6 727	7 578
Total	76 184	58 318	70 872
Business segment net assets			
Integrated Business Support Services	111 284	112 338	104 054
Shared Services	71 246	60 240	72 454
Total	182 530	172 578	176 508



notes

1. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 September 2023 have been prepared in accordance with the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and are also in accordance with IAS 34 Interim Financial Reporting, the requirements of the Companies Act of South Africa and the JSE Limited Listings Requirements. The accounting policies applied in the preparation of these interim financial statements are in terms of IFRS and are consistent with those applied in the previous annual financial statements. 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 unaudited condensed consolidated results. The results were prepared by the Group Financial Director, Mr R Sack CA(SA).

2. Headline earnings per share

	Unaudited September 2023 R'000	Unaudited September 2022 R'000	Audited March 2023 R'000
Attributable earnings	11 523	10 019	18 609
Headline earnings adjustments			
Loss on disposal of equipment and vehicles	7	–	35
Gross loss	9	–	48
Tax effect	(2)	–	(13)
Attributable headline earnings	11 530	10 019	18 644
Headline earnings and diluted headline earnings per share (cents)	15.03	12.41	23.42
Weighted average number of shares for the year ('000)	76 718	80 736	79 600

3. Net asset value per share

	Unaudited September 2023 R'000	Unaudited September 2022 R'000	Audited March 2023 R'000
Number of shares in issue at end of period (net of treasury shares) ('000)	76 669	78 077	77 000
Net asset value per share (cents)	249	232	240
Tangible net asset value per share (cents)	209	201	202

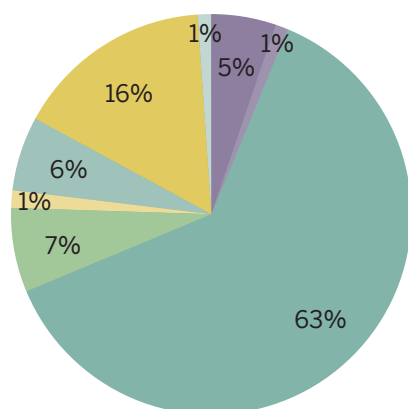
During the six months ended 30 September 2023 the company acquired 331 353 (2022: 2 912 285) treasury shares at an average price of 126 (2022: 123) cents per share.



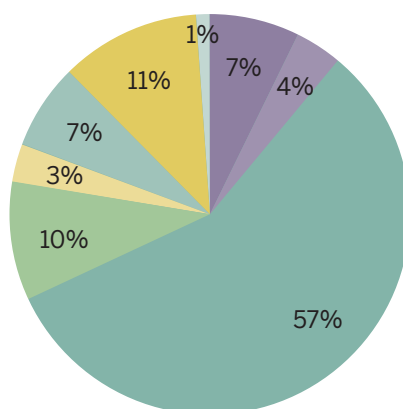
4. Disaggregation of revenue

revenue by geographic region

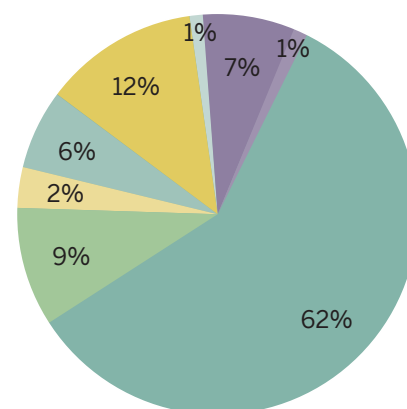
september 2023



september 2022



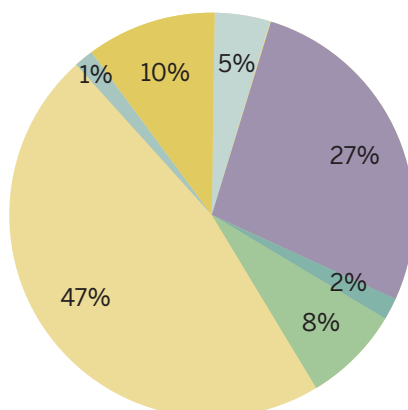
year end march 2023



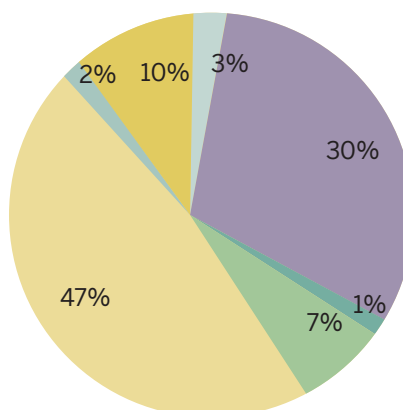
● eastern cape ● free state ● gauteng ● kwazulu-natal ● limpopo ● mpumalanga ● western cape ● rest of south africa

revenue by sector

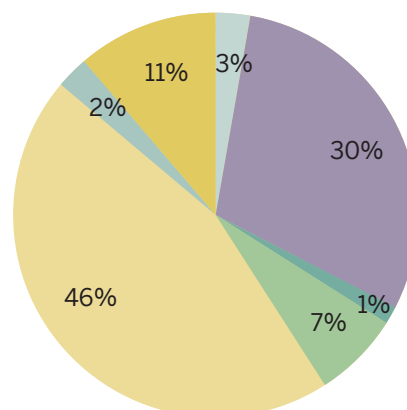
september 2023



september 2022



year end march 2023



● construction support services ● engineering and mining project support services ● general business and office support services
● industrial and manufacturing support services ● logistics and distribution support services ● petrochemical support services ● wholesale and retail support services



5. Interim dividend

Notice is hereby given that a gross cash dividend of 2.50 cents per share for the interim period was declared on Wednesday, 22 November 2023, payable to the shareholders recorded in the share register of the company at the close of business on the record date appearing below. The salient information and dates pertaining to the interim dividend are as follows:

Tax reference number	9408002716
Shares in issue on declaration date	116 747 100
Company registration number	1997/013448/06
Last day to trade "cum" the cash dividend	Tuesday, 23 January, 2024
Shares commence trading "ex" the dividend	Wednesday, 24 January, 2024
Record date	Friday, 26 January, 2024
Payment date	Monday, 29 January, 2024

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 24 January 2024 and Friday, 26 January 2024, both dates inclusive.

Shareholders who are not exempt from Dividend Withholding Tax of 20% will therefore receive a net dividend of 2.00 cents per share.

The dividend is being paid out of income reserves.

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

Where applicable, dividends in respect of certificated shareholders 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 Central Securities Depository Participant ("CSDP") or broker on Monday, 29 January 2024.

6. Events after the reporting date

Management is not aware of any material events that occurred subsequent to the end of the financial period under review.

7. Auditors' responsibility

The results have not been reviewed or audited by the group's external auditors, PKF Octagon Incorporated.

8. Forward-looking statements

Certain statements contained in the report are forward-looking statements which Primeserv believes are reasonable and which consider information up to the date of publication. These statements could differ materially due to various factors such as changes in economic and market conditions or changes in the regulatory environment. As a result, these forward-looking statements are not guarantees of future performance. Forward-looking statements have not been reviewed nor audited by the group's external auditors, PKF Octagon Incorporated.

9. Directors

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

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

On behalf of the Board

DL Rose
Chairperson

M Abel
CEO

R Sack
FD

22 November 2023
Illovo, Sandton



commentary

The Group delivered a solid performance for the six months ended 30 September 2023 despite a period characterised by an extremely uncertain world-wide macro-environment compounded by ongoing socio-economic challenges within South Africa. Notwithstanding this tough trading environment which was harshly impacted by constant power supply constraints and their associated added costs, supply chain delays affecting key industries serviced by the group, exacerbated by the growing container delivery backlog at the Port of Durban, uneven and erratic trading across some of the group's operations and ongoing high inflation and margin pressure, revenue increased by 15 percent from R394.6 million for the comparative period to R455.0 million for the current period. Focus was further intensified on margin management and cost containment, resulting in gross profit increasing by 20 percent from R46.5 million to R56.0 million, albeit that the group's operating expenses increased period-on-period by 17 percent from R36.7 million to R43.0 in line with investment in organic and acquisition-driven business activities. Interest income has also continued to increase, improving by 57 percent from R1.4 million to R2.2 million due to solid operational cash generation and improved working capital management. Consequently, profit before tax has improved by 26 percent compared with the prior reporting period, while profit after taxation has increased by 17 percent. Attributable income has improved by 15 percent from R10.0 million to R11.5 million. Earnings per share has increased by 21 percent from 12.41 cents per share to 15.02 cents per share, and headline earnings per share has increased by 21 percent from 12.41 cents per share to 15.03 cents per share.

Cash flows from operating activities were strong, increasing by 47 percent from R10.8 million to R15.9 million. Day's sales outstanding has improved from 50 days at the end of September last year, to 47 days at the end of September 2023. As a consequence of investment in additional equipment and vehicles, as well as the purchase of offices in Cape Town and a vendor tranche payment for the acquisition of the Primeserv Pinnacle business, investing activities were substantially up from R0.1 million in the comparative period to R9.7 million for the current interim reporting period. Cash flows in relation to financing activities reduced from R8.6 million to R7.3 million. Despite increased operational investing activities and higher dividends paid to shareholders, the group remains ungeared and net cash at the period end was steady at R60.5 million.

The group's net asset value per share increased by 7 percent from 232 cents per share, to 249 cents per share at the end of the current interim period.

The operational performance of the various business units making up Primeserv's nationwide Integrated Business Support Services segment performed well given prevailing market conditions. All the group's operating units continued to deliver their brand of market leading service excellence within a constantly changing and uncertain environment. Costs within the group's Shared Services segment increased, as anticipated, in line with servicing the operational needs of the increased business activity. The various operating units were, in the main, subject to tough and inconsistent market conditions. In particular, the units servicing the logistics and distribution, and wholesale and retail sectors experienced fluctuating service demand, while the units servicing engineering, construction, mining and related projects felt pressure from delayed starts on major projects. The training unit continued to deliver better outcomes.

Given the group's strengthened position over the six months, the Board has approved an increase of 25 percent in the interim dividend from a gross dividend of 2.00 cents per share to 2.50 cents per share.

While current trading remains subdued, the group is well positioned to benefit from improved trading conditions as and when they become apparent.

corporate information

PRIMESERV GROUP LIMITED

(Incorporated in the Republic of South Africa)
Registration number 1997/013448/06
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ISIN: ZAE000039277

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