

ANNOUNCEMENT OF INTERIM RESULTS for the six months ended 31 December 2000



- Revenues up 19%
- Headline earnings per share up 32%
- Strong organic growth

Consolidated income statement

for the six months ended 31 December 2000

	Unaudited Six months 31 Dec 2000 R'000	Unaudited Six months 31 Dec 1999 R'000	% change	Audited Twelve months 30 June 2000 R'000
Revenue	3 027 449	2 551 872	19	4 594 086
Operating earnings before profit on disposal of fixed assets	327 436	274 421	19	536 334
Profit on disposal of fixed assets	-	-		26 586
Earnings before depreciation, interest and taxation	327 436	274 421	19	562 920
Depreciation	(39 676)	(43 296)		(77 001)
Earnings before interest and taxation	287 760	231 125	25	485 919
Net finance charges	(19 735)	(25 026)		(51 125)
Earnings before taxation	268 025	206 099	30	434 794
Taxation	(12 834)	(10 802)	19	(16 091)
Earnings after taxation	255 191	195 297	31	418 703
Share of associated companies' retained income	14 001	(952)		13 276
Attributable to outside shareholders	622	30		732
Income attributable to shareholders	269 814	194 375	39	432 711
Number of shares in issue ('000)	822 823	783 237	5	804 552
Weighted average number of shares in issue ('000)	817 616	776 549	5	785 043
Attributable income (R'000)	269 814	194 375	39	432 711
Headline earnings (R'000)	269 814	194 375	39	406 125
Earnings per share (cents)	33.0	25.0	32	55.1
Headline earnings per share (cents)	33.0	25.0	32	51.7
Dividend per share (cents)	-	-		9.0

Abridged consolidated balance sheet

at 31 December 2000

	Unaudited 31 Dec 2000 R'000	Unaudited 31 Dec 1999 R'000	Audited 30 June 2000 R'000
ASSETS			
Non-current assets			
Fixed assets	1 701 665	1 543 168	1 522 880
Investments and loans	398 372	54 231	260 293
Total non-current assets	2 100 037	1 597 399	1 783 173
Current assets			
Total current assets	2 387 421	1 868 389	2 387 624
Total assets	4 487 458	3 465 788	4 170 797
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary shareholders' equity	2 547 916	1 837 027	2 203 563
Outside shareholders' interest	17 464	17 377	16 733
Non-current liabilities			
Long-term liabilities	326 002	200 337	203 375
Deferred taxation	7 600	7 280	9 830
Total non-current liabilities	333 602	207 617	213 205
Current liabilities			
Net interest bearing	380 195	382 317	438 248
Other	1 208 281	1 021 450	1 299 048
Total current liabilities	1 588 476	1 403 767	1 737 296
Total equity and liabilities	4 487 458	3 465 788	4 170 797
Number of shares in issue ('000)	822 823	783 237	804 552
Tangible net asset value per share (cents)	310	235	274
Gearing ratio (net) (%)	28	32	29

Abridged consolidated cash flow statements

for the six months ended 31 December 2000

	Unaudited Six months 31 Dec 2000 R'000	Unaudited Six months 31 Dec 1999 R'000	Audited Twelve months 30 June 2000 R'000
Operating profit before working capital changes	269 772	259 657	429 328
Net changes in working capital	109 229	(129 727)	(407 814)
Cash generated from operations	379 001	129 930	21 514
Net finance costs	(19 735)	(25 026)	(50 276)
Dividends paid	(14 482)	(8 472)	(8 472)
Taxation	(28 611)	(14 475)	(9 560)
Net cash inflow/(outflow) from operating activities	316 173	81 957	(46 794)
Net cash outflow from investing activities	(211 396)	(320 157)	(539 330)
Net cash inflow/(outflow) from financing activities	(330 642)	324 642	745 193
Net increase/(decrease) in cash and cash equivalents	(225 865)	86 442	159 069
Effects of exchange rate changes on cash and cash equivalents	4 854	9 335	(6 124)
Cash and cash equivalents - beginning of period	290 845	137 900	137 900
Cash and cash equivalents - end of period	69 834	233 677	290 845

Statement of changes in equity

for the six months ended 31 December 2000

	Share capital and premium R'000	Non-distributable reserves R'000	Distributable reserves R'000	Total R'000
Balance at 30 June 2000	1 583 778	39 884	579 901	2 203 563
Earnings attributable to ordinary shareholders			269 814	269 814
Issue of share capital	57 783			57 783
Foreign currency translation reserve		16 756		16 756
Share of associated companies' retained earnings transferred to non-distributable reserves		14 001	(14 001)	-
Balance at 31 December 2000	1 641 561	70 641	835 714	2 547 916

Comments

Review of results

The Board is pleased to report that the Group's headline earnings for the six months ended 31 December 2000 grew by 39% to R270 million (1999: R194 million) on increased revenues of 19%.

Operating margin was maintained at 10% during the period and the margin is expected to improve during the second six months of the financial year, as a result of the seasonality of trading in Europe, which is much stronger during the second six months of the Group's financial year.

Net finance charges reduced by R5,3 million as a result of better working capital management and continuing favourable interest rates.

The relatively low effective tax charge is due mainly to the Group's favourable tax dispensations in Central Europe. The effective tax rate is not anticipated to change materially in the foreseeable future.

Headline earnings per share increased 32% to 33 cents (1999: 25 cents).

Segmental analysis

The Group's main activity as an integrated global lifestyle supplier is now focused on manufacturing and wholesale & distribution.

Six months ended 31 December 2000

R'000	Revenue	%	Earnings		Net assets	
			before interest and tax	%		%
Manufacturing	2 259 677	75	195 722	65	1 886 227	74
Wholesale and distribution	767 772	25	106 039	35	661 689	26
Total	3 027 449	100	301 761*	100	2 547 916	100

*Earnings before interest and taxation includes share of income from associate companies of R14 001 000.

Geographical analysis

The Group's operations are located in southern Africa, the European community, Eastern Europe and Australia.

Six months ended 31 December 2000

R'000	Revenue	%	Earnings		Net assets	
			before interest and tax	%		%
Southern Africa	1 315 175	43	112 764	37	1 109 038	44
European community	1 125 443	37	144 983	48	1 026 474	40
Eastern Europe	561 995	19	41 940	14	402 320	15
Australia	24 836	1	2 074	1	10 084	1
Total	3 027 449	100	301 761*	100	2 547 916	100

An average exchange rate of R3,34: 1DM (1999: R3,25: 1DM) was used to translate foreign currency income and expenditure into South African rand.

R275 million (1999: R236 million) of Africa's revenue represents exports to the USA and the European community, amounting to approximately 25% of its activities. It is the intention of the Group to continue to substantially increase these exports into the future. The Group's exposure to the local South African furniture market is 25% (1999: 27%).

Corporate activity

The Group continued, during the period under review, to implement a number of transactions, as well as commenced new initiatives in order to ensure the future growth of its businesses and earnings.

Steinhoff Australia acquired a local wholesaling and distribution company, G & G Furniture Imports (Pty) Limited, giving it a footprint in all the states of Australia. The Group believes that Australia holds enormous growth opportunities into the future, as well as for exports from Eastern Europe and South Africa through this new network. The acquisition of a local case goods factory is currently being investigated, which, if consummated, will also enhance the Group's expansion in this area.

Steinhoff Africa has disposed of its remaining transport and logistics operations to Unitrans Limited, which company is a recognised specialist in this field and would result in total focus in this area.

Dividend

It is the Group's policy to declare dividends once a year, after its financial year-end at 30 June.

Prospects

The Group will continue on its very focused path to increase market share within the European community, build its business in Australia and to capitalise on the rationalisation of the South African furniture market, which will further be enhanced with the electronic marketplace for household goods being established.

Steinhoff Africa will continue to increase its exports out of Africa and invest further in raw material production facilities, especially in the saw milling business, and various proposals are currently being evaluated in order to realise this vision.

Steinhoff Europe is set to expand its case goods division into foil furniture, a sector currently not exploited, and discussions have commenced with a major player in this field, which, if completed, will give the Group an immediate entry into this lucrative sector.

Steinhoff Europe intends to develop brands for its household goods division. This will allow it to broaden its base in this market and discussions with a major USA producer with some of the strongest brands in the world have led to proposals being currently examined which the Group believes will enhance its position in the European market.

Steinhoff United Kingdom has been on the acquisition trail since commencing business there two years ago; two possible acquisitions are currently being evaluated which, if completed, will increase our market share and profitability in this territory.

Management is confident that the Group will continue to achieve above-average earnings growth for the rest of the financial year.

By order of the Board

S J Grobler

Company secretary

6 March 2001

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Company secretary S J Grobler

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