

Investment idea: **LEWIS GROUP (JSE: LEW) – Buy Recommendation**  
Current price R34

31 January 2019

Dear Investor,

Given the depressed retail climate, LEWIS produced a remarkably strong trading update yesterday.

- ❖ Merchandise sales were enhanced by the acquisition of United Furniture Outlets (UFO) and increased by 22.8% for the quarter, resulting in a 24.6% growth for the nine months ended 31 December 2018.
- ❖ The change in the affordability assessment regulations of the National Credit Act has enabled self-employed and informally employed individuals to again apply for credit. This is expected to improve the performance of the group's stores in rural areas which have been most affected by these restrictive regulations .
- ❖ The share is trading at 50% of its book value, on a forward PE of 7.5x and on a forward dividend yield of 7.4%



Please contact your Afrifocus Portfolio Manager.

Regards

Afrifocus Personal Wealth