Cash from Cashbuild

Perspectives: October 5th, 2021

I am no technophobe, in fact quite the contrary. However, I will never tire of sharing my personal experience of a time when the businesses we owned sent us physical dividend cheques in the mail. To me there was something very special about the slow and steady rhythm of receiving such tangible evidence of the economic reward we received for partaking in the underlying business enterprise on a truly long-term basis. We could physically touch that beautiful piece of paper, and it took time and effort to go to a physical bank branch in person to cash in our dividend cheques. In comparison to today's dehumanised digital global money flows, cashing a dividend cheque in person was a real schlep. And yet, I feel precisely because it was a real schlep, it became an exercise in what I think of as 'investment mindfulness'.

Fast forward to 2021. Our part ownership of **Cashbuild** recently resulted in a huge dividend pay-out in cash of nearly R25 per share, *net* of dividend withholding taxes. I am mindful that we were able to partake so meaningfully in Cashbuild's ability to deliver superb outcomes for its stakeholders. I am also mindful that these financial outcomes were produced by the ongoing commitment and hard work of each of the 6,213 human beings who work there, including those with the current responsibility and accountability to inspire and lead them. I extend the circle to also recognise the many key stakeholders that play important roles - the customers, the families of employees, the many key product and service suppliers, the funders, and the regulators & competitors - because healthy competition drives innovation and continuous improvement in industry.

Cashbuild was founded in 1978 and listed on the JSE in 1986. In the 35 years that it has been listed, it has consistently paid out cash dividends steadily growing in line with the underlying business fundamentals.

A spectacular fact is that an investor who acquired Cashbuild shares at its lowest price of R1 per share in 2000 has banked a cumulative dividend of

R94,92 per share in cash since, *net* of dividend withholding taxes, and *unadjusted* for inflation. The average annual dividend per share over the past 10 years was R8,12, implying that investors' annual after-tax dividend yield on their R1 cost per share equates to 812%. That is enough to put any piggy bank to shame!

That investor might have been sorely tempted to, as the saying goes, 'take profits' in 2003 and cash out at R15 per share, or in 2005 at R44, or in 2009 at R73, or in 2013 at R149. However, with the share price in a range between R200 and R440 in the past 6 years, *any* of these sales would now look rather silly.

Our work continues...

Daniel Malan
Managing Director & Chief Investment Officer
daniel@perspectiveim.co.za

Perspective Investment Management
www.perspectiveim.co.za
