

Mr Price Group Limited
 Registration number 1933/004418/06)
 Incorporated in the Republic of South Africa
 ISIN: ZAE000200457
 LEI number: 378900D3417C35C5D733
 JSE and A2X share code: MRP
 ("the group" or "the company")

TRADING UPDATE FOR THE 13 WEEKS ENDED 28 DECEMBER 2019

During the third quarter (29 September 2019 to 28 December 2019) of the financial year ending 28 March 2020, the Group recorded growth in retail sales and other income (RSOI) of 3.5% to R7.4bn over the corresponding period in the prior year.

Corporate-owned and franchise stores generated total retail sales of R7.0bn, an increase of 3.3%. Corporate-owned store performance was as follows:

	Total sales	Comparable Store sales	Units	RSP Inflation
Mr Price Apparel	3.2%	0.1%	5.3%	-1.9%
Mr Price Sport	7.3%	2.6%	0.6%	6.7%
Miladys	7.5%	3.1%	4.7%	3.3%
Apparel Segment	3.9%	0.6%	4.9%	-0.9%
Mr Price Home	1.2%	0.4%	-1.9%	3.1%
Sheet Street	3.7%	2.5%	-0.2%	3.9%
Home Segment	2.0%	1.0%	-1.3%	3.3%
Group	3.5%	0.7%	3.6%	0.0%

In October, the group gained market share despite retail sales growth being muted at 0.3%. Trade was affected by a shift in school holidays into September and the Rugby World Cup. Markdown activity was required to manage stock levels going into peak season, negatively impacting gross margin % in the month.

The group continued to gain market share in November (the latest period for which RLC data is available), an increasingly key trading month because of Black Friday. This has changed consumer spending habits prior to Christmas. Business activity in key weeks in December was materially affected by stage six rolling power blackouts and prolonged periods of torrential rain in the inland areas, partially diluting the anticipated impact of the extra week of school holidays.

The combined retail sales growth of these two months was 4.7%, with gross margin % in line with the same period last year.

In May 2019, the group communicated that improvements in Mr Price Apparel's high summer performance was expected due to internal initiatives undertaken. The division has reported enhanced retail sales growth from -1.2% in H1 FY2020 to 3.2% in Q3 FY2020. The division's sales increased by 4.6% over the combined November and December period, with an improved gross margin %. The division launched its first beauty range, Scarlet Hill, in an initial 40 stores, with results exceeding expectations.

The Home businesses have felt the effect of lower growth in household expenditure, particularly on discretionary items. Despite this, both divisions continue to find opportunities to deliver superior value to their customers.

South African retail sales grew 3.9% to R6.4bn. Store sales were up 3.7% and online sales up 17.4%. Non-South African corporate owned stores sales decreased by 1.1% to R500m. Excluding Australia, Poland and Nigeria (markets either discontinued or with limited stock flow) sales increased 2.5%.

Trading space increased 2.0% on a weighted average basis and 2.6% on a closing basis.

Cash sales were up 4.1%, constituting 85.2% of total sales. Credit sales grew 0.2%.

Other income grew by 6.5% to R438m supported by double digit growth in mobile and cellular. The in-store cellular kiosks are now in 259 stores.

The group is very focused on effective inventory management and stock growth at the end of the period was within the targeted low single digit range.

Consumers continue to be constrained, highlighted by the BER Consumer Confidence Index remaining negative at -7 index points in Q4 2019. The group sees this as an opportunity to continue gaining market share and building on the improved performance in Q3, by offering quality merchandise at everyday low prices. In line with the strategic intent to entrench market positioning and to be viewed by consumers as the people's value champion, retail prices were maintained at last year's levels, as evidenced by RSP inflation at 0.0%. This had the desired impact of increasing unit growth by 3.6% and importantly by 5.3% in Mr Price Apparel, the group's largest division.

For the period 29 December 2019 to 15 January 2020, not included in the analysis above, group retail sales momentum continued to build positively at an improved gross margin % compared to the same period last year.

The figures and information contained herein do not constitute an earnings forecast and have not been reviewed and reported on by the company's external auditors.

Durban
17 January 2020

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