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UNAUDITED GROUP RESULTS AND INTERIM CASH DIVIDEND DECLARATION FOR THE 26 WEEKS ENDED 1 OCTOBER 2016

This short-form announcement is the responsibility of the Mr Price Group Limited board of directors and is a summary of the information in the detailed results announcement released on SENS on 14 November 2016 and the presentation to the Investment Analysts Society. These documents are available on the Group's website at www.mrpricegroup.com and copies may be requested from the Company Secretary (hgrosvenor@mrpg.com or +27 31 310 8000) at the Company's registered office. Any investment decision in relation to the Company's shares should be based on the full announcement.

Results

26 weeks ended	2016 1 Oct	2015 26 Sept	% change Statutory	 Normalised
Profitability				
Operating profit (R'm)	1 251	1 445	(13.4)	(4.2)
Operating margin (%)	13.7	16.1		
Earnings per share				
Basic (c)	361.8	426.2	(15.1)	(6.5)
Headline (c)	362.3	427.6	(15.3)	(6.8)
Diluted headline (c)	351.2	406.8	(13.7)	(4.9)
Dividend				
Dividend per share (c)	228.2	248.0	(8.0)	
Dividend payout ratio (%)	63.0	58.0		

Interim Cash Dividend Declaration

The interim dividend of 228.20 cents per share (193.97c net of dividend withholding tax of 15% for shareholders who are not exempt), is based on an increased interim payout ratio, in line with the company's stated aim of aligning this with the annual ratio of 63%. The dividend has been declared from income reserves. The salient dates for the dividend are as follows:

Last date to trade 'cum' dividend	Tuesday	6 December 2016
Date trading commences 'ex' dividend	Wednesday	7 December 2016
Record date	Friday	9 December 2016
Payment date	Monday	12 December 2016

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 7 December 2016 and Friday, 9 December 2016, both dates inclusive.

Commentary

Normalised earnings exclude foreign exchange (FX) differences reflected in administration expenses in both periods. Due to exchange rate fluctuations, imported merchandise commitments are fully hedged. At the interim stage last year, we were required to mark these foreign exchange contracts (FEC's) to market, resulting in a significant gain in that period in the income statement. As a result of the Group's subsequent adoption of cash flow hedge accounting, this adjustment is now accounted for in equity. Losses were, however, incurred relating to the proportion of hedges that were less than 100% effective and reclassified to the income statement, as well as foreign currency surrendered. Statutory earnings include the FX differences in administration expenses.

Total revenue grew by 1.5% to R9.2bn with retail sales increasing by 0.4% (comparable stores -3.2%) to R8.6bn. Cash sales grew by 1.9% and constitute 82.6% of total sales, whilst credit sales continued to be affected by the introduction of new credit regulations in September 2015, and declined by 6.2%. Selling price inflation was 11.4% and unit sales were 10.2% lower. Weighted average trading space increased by 2.2%. Other income, derived mainly from the financial services division, MRP Money, increased by 27.9% to R543.4m.

The merchandise gross margin decreased by 0.9% to 39.8%, impacted by a weak and volatile currency and higher markdowns. The cellular margin improved from 2.1% to 13.1% due to scale and product mix. Normalised selling and administrative expenses were well controlled and increased by 2.2%, however this was insufficient to offset the lower gross profit and normalised operating profit was down 4.2% at R1.3bn.

Four of the six trading divisions performed well. Despite the challenges brought about by a poor economy and resulting constrained consumer environment, they held or improved their GP%'s, managed costs and delivered good profit growth. However, MRP Apparel, which represents 59.3% of Group sales, and Miladys performed well below expectations.

Sales in MRP Apparel declined by 0.5% (comparable -4.1%) to R5.1bn. The poor economic environment, revised credit-granting regulations, late arrival of winter weather and higher prices caused by the weak rand were all contributing factors. While trade at month ends is up on the previous year, during the middle of the month discretionary spending on apparel has been significantly curtailed, indicating considerable pressure on consumers and diversion of spending to food and other essentials. In this tighter environment competition has intensified and customers have become accustomed to heightened promotional activity and price discounting. Winter markdowns should have been taken earlier. Merchandise assortments and marketing should also have been more focused on value rather than fashion in this climate. A drive to enhance our value offer is currently being implemented by the merchandise teams.

Miladys is undergoing a change in merchandise fashion pitch to refocus on its core customer. This was expected to impact current performance but the situation was exacerbated by it being a predominantly credit business and the dynamics currently playing out in the retail environment. Sales decreased by 11.0% (comparable -12.4%) to R582.4m, but there are signs that the repositioning is starting to gain traction in the summer season.

Good profit growth was achieved in our other businesses. MRP Sport grew sales by 13.3% (comparable 2.1%) to R634.5m, while in the homewares segment, which constitutes 26.5% of Group sales, MRP Home grew sales by 1.6% (comparable -0.7%) to R1.6bn and Sheet Street by 4.0% (comparable 3.3%) to R680.3m. MRP Money grew revenue by 27.9% to R524.9m and improved profitability despite the lower level of credit sales.

In the last two years the Group has spent R1.8bn on capital expenditure to build the necessary infrastructure to support its growth plans and expand into new markets. In Australia, the two MRP Apparel test stores have provided good insights into which product categories to focus on in a smaller format test store, while sales performance in the MRP Home test store which opened 3 weeks ago looks promising. To supplement organic growth, acquisition opportunities continue to be assessed and extreme care is being taken to ensure any target meets our clearly defined criteria.

The Group's balance sheet remains healthy. Free cash flow generated during the period of R745m increased by 8.1% and cash resources at period end were R1.1bn. The provision for impairment of the debtors' book of 7.4% is comfortably ahead of the net bad debt rate of 5.8%. Although gross inventories are 3.8% lower than March, markdowns will be required to clear stock carry over, mainly in the MRP Apparel chain.

Trading conditions are expected to remain difficult in the second half, with no relief in sight for the embattled consumer. Much will depend on the Christmas trading period and when the major sales of summer merchandise in the apparel sector start. All our businesses are adapting rapidly to the changed and more difficult trading environment and will be fighting to maintain or increase their market shares in the months ahead.

mrp mrpsport MILADYS mrphome sheet•street mrpmoney

Mr Price Group Limited	Registration Number: 1933/004418/06 · Incorporated in the Republic of South Africa · ISIN: ZAE000200457 · JSE Code: MRP
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Sponsor	Rand Merchant Bank (a division of FirstRand Bank Limited)
Transfer Secretaries	Computershare Investor Services (Pty) Ltd