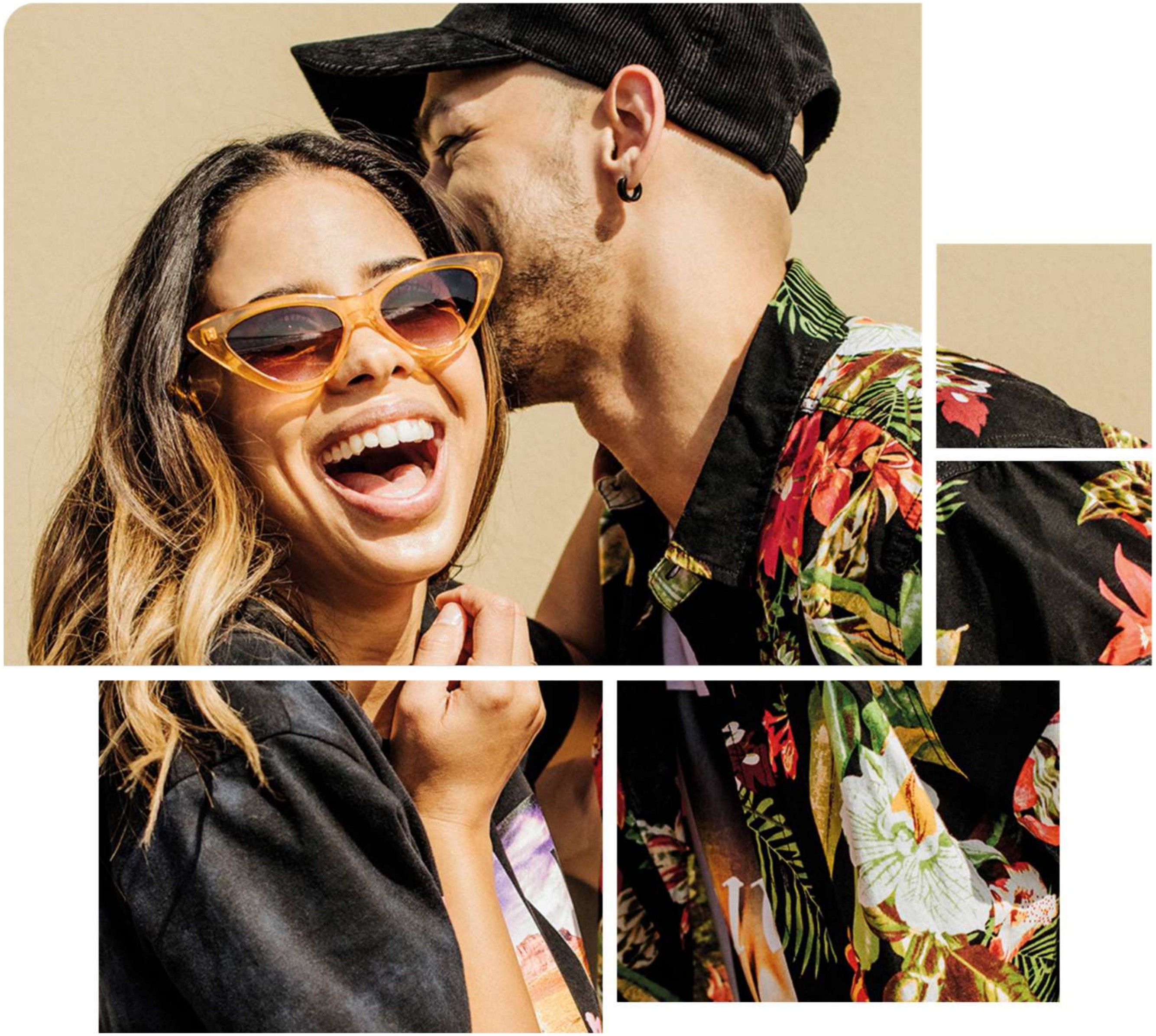


mr pricegrouplimited

Interim results

to 29 September 2018

Group Highlights

Revenue	Operating margin	EBITDA
R10.5bn	16.2%	R1.9bn
+7.8%	+50bps	+11.1%

Profit to shareholders	HEPS	Dividend per share
R1.3bn	494.3c	311.4c
+12.4%	+11.6%	+11.6%

Macroeconomic environment

GDP Growth

-0.7%

Q1 2018: -2.6%
Q2 2017: +2.9%

Q2 2018

Unemployment

27.5%

Q2 2018: 27.2%
Q3 2017: 27.7%

Q3 2018

ZAR/USD rate

R14.06

Q2 2018: R12.65
Q3 2017: R13.18

Q3 2018

Inflation

+5.0%

Q2 2018: +4.5%
Q3 2017: +4.8%

Q3 2018

- Two consecutive periods of declining GDP growth putting SA into technical recession
- Unemployment remains unacceptably high. Job creation policies from government are critical for sustainable economic growth

- Rand depreciated 21% (Jan to Sep ‘18 avg close), negatively impacting importers & economy
- Rising inflation driven by fuel prices, VAT rate increase from 14% to 15% on 1 April ‘18 and a weakening Rand

Source: Stats SA, Thomson Reuters Eikon

Consumer environment

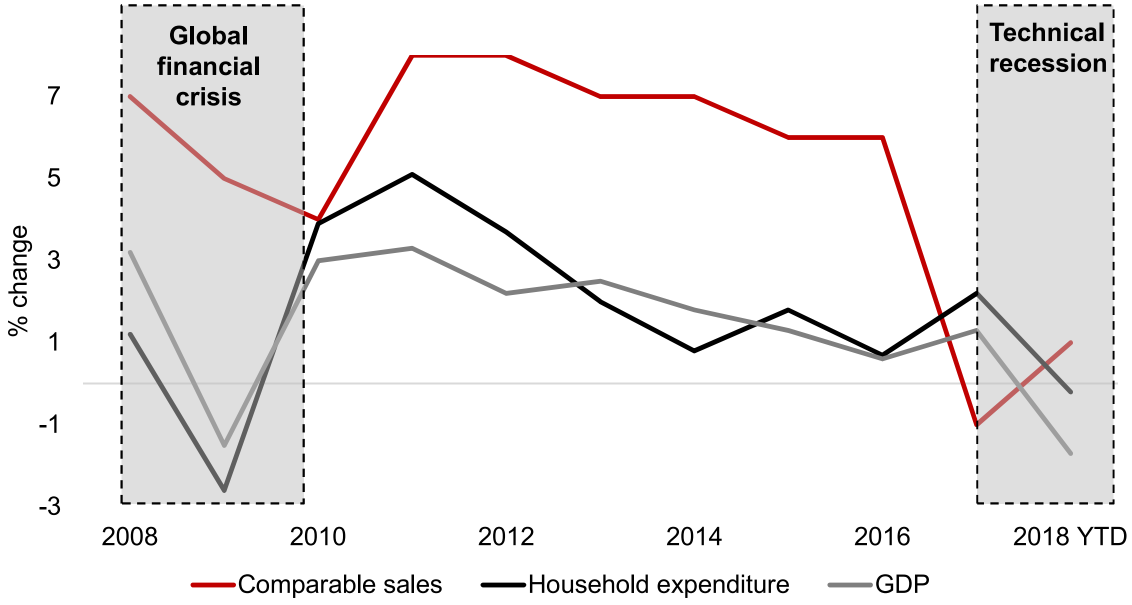
Consumer confidence	Household expenditure	Disposable income	Retail sales
22 Index points	-1.3%	-1.0%	+3.7%
Q1 2018: 26 points Q2 2017: -9 points	Q1 2018: +1.0% Q2 2017: +3.8%	Q1 2018: +0.9% Q2 2017: +4.6%	Q2 2018: +3.8% Q3 2017: +8.0%
Q2 2018	Q2 2018	Q2 2018	Q3 2018

- While still optimistic about their future prospects, consumers' short term reality has been one of continued constrained spending power
- This has been reflected in household expenditure declining in Q2 2018, led by reduced spending on durables & semi durables

- Disposable income has been falling & now reports negative growth across households, a reflection of weak job & consumer markets
- This has led to retail sales momentum slowing, with growth above GDP likely driven by rising consumer price inflation

Source: BER, SARB, Stats SA

SA retail environment

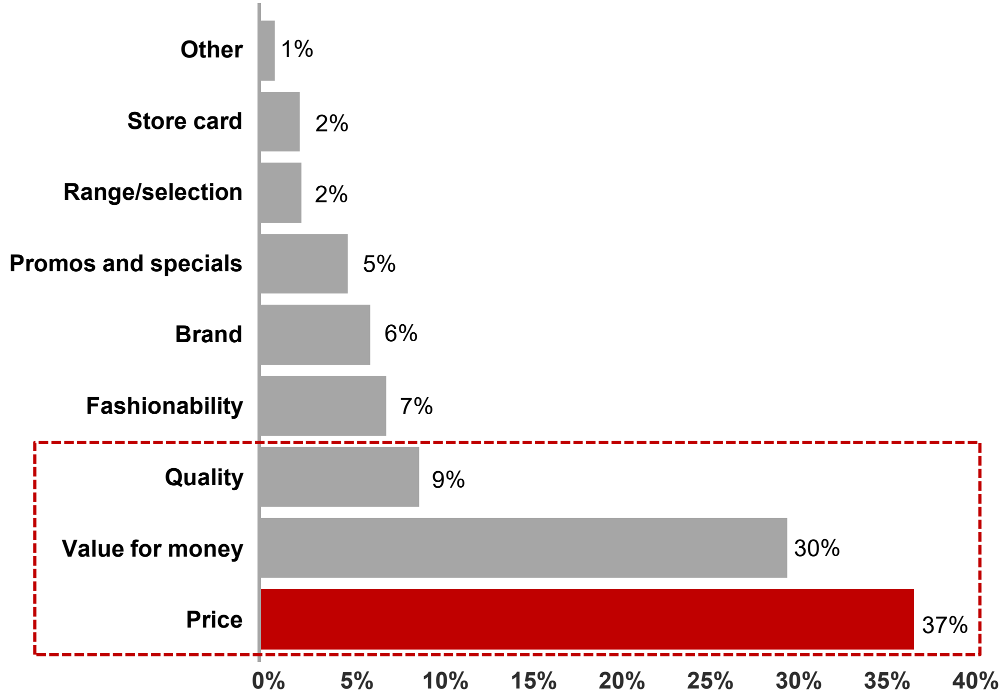


- Average comparable sales across 5 retailers: MSM, MRP, TFG, TRU & *WHL) over the last 10 years. Current levels reflect the tough economy
- Consistent downward trend in GDP growth & household expenditure since the global financial crisis recovery

Source: J.P. Morgan company reports
*WHL: sales weighted average of SA Food & FBH

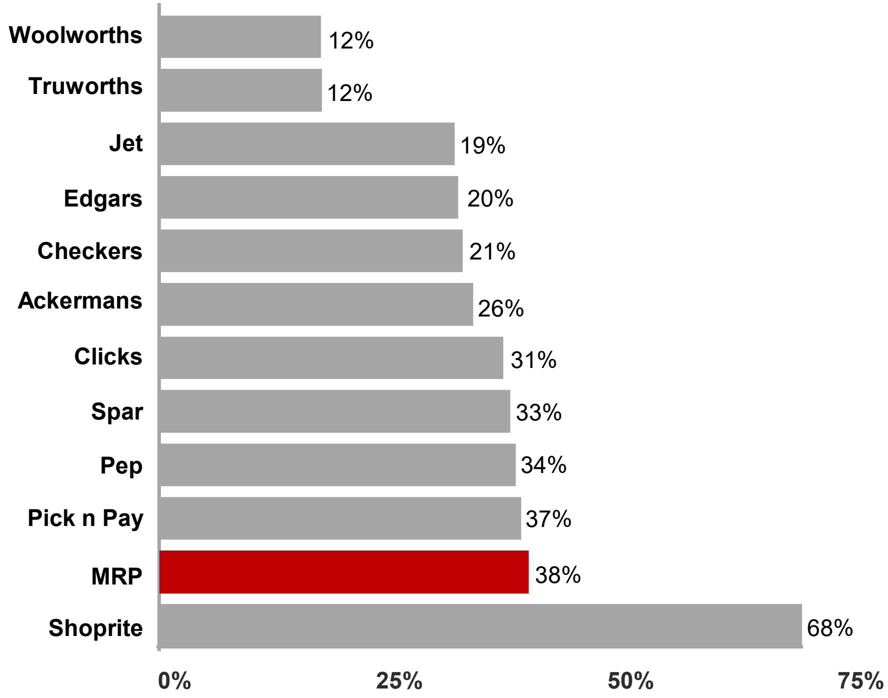
Consumers are looking for value

Key reasons for choice of retailer



Source: HSBC ‘Anatomy of the consumer’ Sep 2018

MRP the most shopped apparel retailer in the last month



Source: Broadcasting Research Council – Establishment Survey Products & Brands Oct 2018

Sound long term investment case

ROE

MRPG: 39.2%

Market: 13.7%

ROA

MRPG: 29.2%

Market: 10.6%

Operating cash flow/sales

MRPG: 19.0%

Market: 13.3%

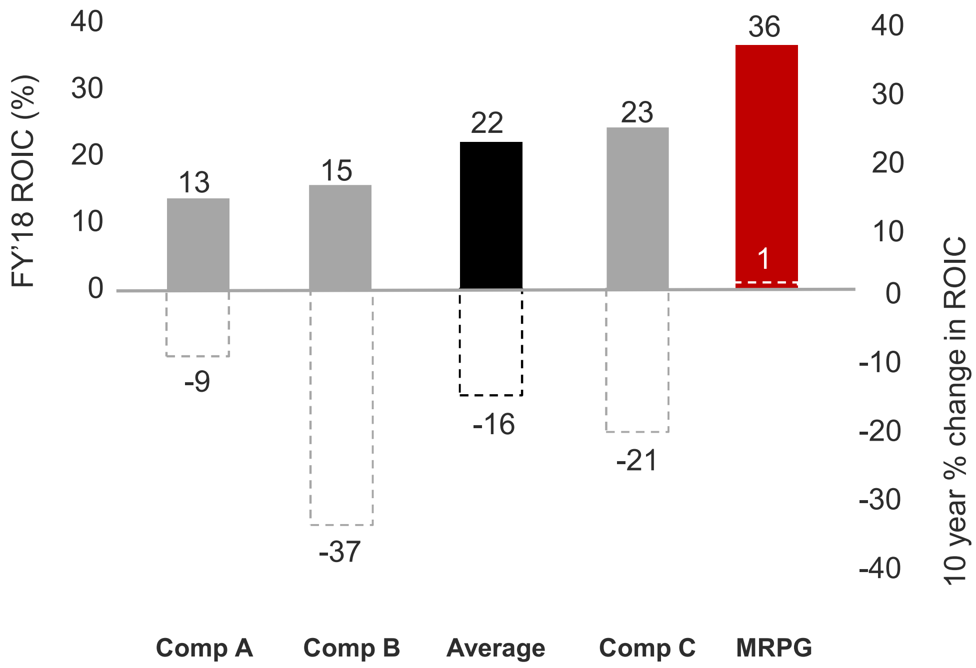
Debt/equity

MRPG: 3.3%

Market: 45.9%

Source: Thomson Reuters Eikon FY18
Market: Average across 4 SA retailers

Highest Return on Invested Capital (ROIC)



Source: Company financials

Earnings & dividend per share

	2018	2017	% change
Profit attributable to shareholders (R'm)	1 279	1 138	12.4%
W. Avg shares in issue (000)[1]	258 630	258 196	0.2%
Basic earnings per share	494.4c	440.9c	12.1%
Addbacks (R'm)[2]	0.1	5	(101.9%)
Headline earnings (R'm)	1 279	1 143	11.9%
Headline earnings per share	494.3c	442.9c	11.6%
Shares for diluted earnings (000)[3]	265 030	263 436	0.6%
Diluted earnings per share	482.4c	434.1c	11.1%
Dividend per share[4]	311.4c	279.0c	11.6%

- [1]Movement relates to LTI schemes' shares vesting. Shares previously held by trusts now back in the market
- [2]Loss on disposal/ impairment of PPE & intangibles
- [3]Higher dilution impact than PY
  - weighted average share price 37.2% higher
  - weighted average share options outstanding 4.2% lower
- [4]Payout ratio maintained at 63% of HEPS

Retail sales growth drivers

Geography

RSA	Non RSA
+6.2%	+11.4%

Tender type

Cash	Credit
+7.5%	+2.2%

Channel

Store	Online
+6.4%	+30.1%

Merchandise

Unit growth	RSP inflation
+2.9%	+4.5%

Revenue & profit growth in all chains

Trading division RSOI

		Contribution	Growth
Apparel	mrp	56.6%	+5.9%
	mrpSport	6.6%	+7.1%
	Miladys	6.9%	+8.3%
Home	mrpHome	16.4%	+8.4%
	SheetStreet	7.0%	+4.5%
Financial Services & Cellular	mrpMoney	6.5%	+23.5%

Trading segment

	*RSOI	Operating profit	Operating margin
Apparel	+6.2%	+11.2%	16.9%
Home	+7.2%	+13.8%	14.3%
Financial Services & Cellular	+23.5%	+3.8%	31.1%

*RSOI: Retail Sales & Other Income

Group income statement

R'm	2018	2017	% change
Retail sales & other income (pg 11)[1]	10 436	9 711	7.5%
Gross profit[2]	4 278	3 918	9.2%
Expenses[3]	2 987	2 774	7.7%
Profit from operating activities	1 693	1 526	10.9%
Net finance income	101	67	49.9%
Profit before taxation	1 794	1 593	12.6%
Taxation[4]	515	454	13.5%
Profit after taxation	1 279	1 139	12.3%
Profit attributable to shareholders[5]	1 279	1 138	12.4%

- [1]RSOI growth first 4 months FY19 (SENS) +7.4%
- [2]Mainly due to improved markdowns in all chains
- [3]Excluding Kenya growth in overheads of 6.6% is lower than RSOI growth of 6.9%
- [4]Effective tax rate 28.7% (PY 28.5%)
- [5]Acquired minority interest in mrpMobile MVNO in Jan 2018

Revenue analysis

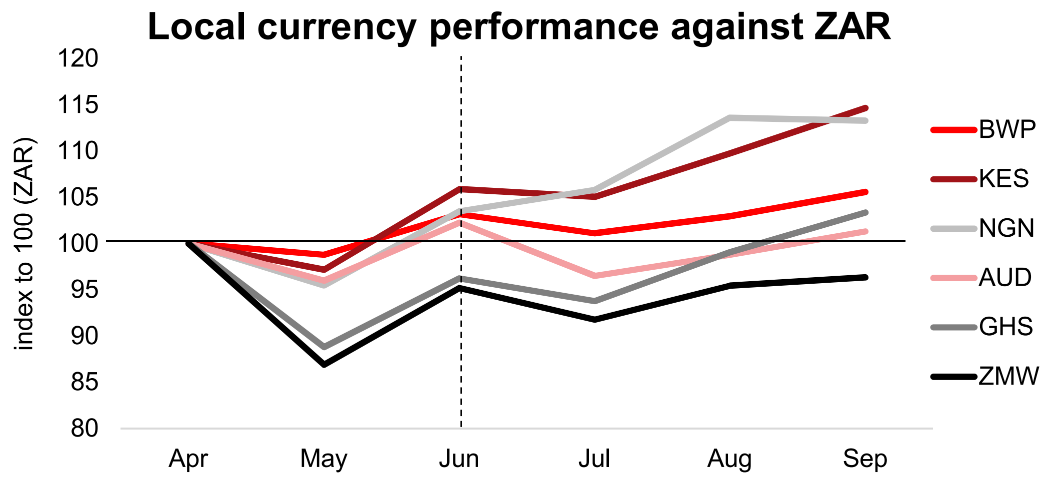
R'm	2018	2017	% change
Retail sales[1]	9 738	9 135	6.6%
Total other income	698	576	21.2%
Financial services & cellular (pg 28)[2]	673	545	23.5%
Other[3]	25	31	(18.7%)
Total retail sales, interest & other income	10 436	9 711	7.5%
Finance income[4]	103	67	54.8%
Total revenue	10 539	9 778	7.8%

- [1]Retail sales growth per trading update 1 Apr to 4 Aug '18 of 6.6%
- [1]Easter/school holidays in Mar '18 vs Apr '17
- [1]Sales growth higher than market growth per *Stats SA of 3.7% (Type D +3.3%; Type E +6.4%)
- [2]Strong growth in cellular
- [3]Excluding insurance claim of R11m in PY growth was 25.1%
- [4]Interest on higher cash balances (refer cash flow pg 33)

1Excludes VAT *Market per Stats SA includes VAT

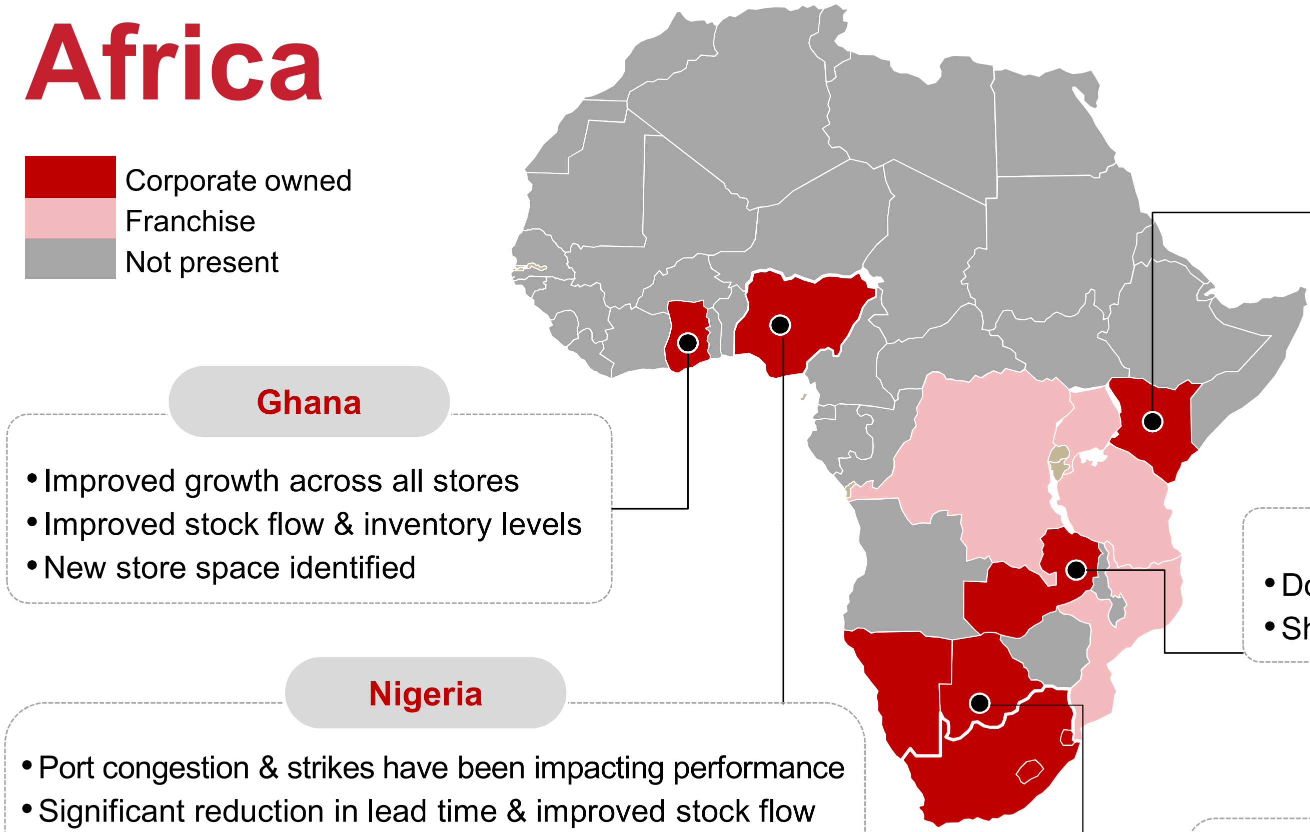
Non RSA sales

	Stores total	Sales contr.	Growth local	Growth ZAR
Namibia	40	35%	(5.7%)	(5.7%)
Botswana	25	22%	5.6%	7.5%
Swaziland	11	8%	33.6%	33.6%
Lesotho	5	4%	10.7%	10.7%
Total BNLS	81	69%		3.0%
Nigeria	5	5%	(11.1%)	(9.2%)
Zambia	11	9%	31.1%	21.4%
Kenya	12	7%		
Ghana	4	5%	32.6%	25.0%
Australia	3	2%	(38.2%)	(39.9%)
Total owned stores	116	97%		11.7%
Franchise & online	11	3%		1.4%
Total	127	100%		11.4%



- Performance in Africa viewed on a portfolio basis
- Stronger Rand in Q1 FY19, depreciated in Q2
- Kenya includes recently acquired franchise stores
- Franchise stores include recently opened stores in DRC & Uganda. Excluding Kenya, growth was 53.7%
- Australia reduced space by 34.7%

Africa



Kenya

- All 12 franchise stores acquired in May ’18 were trading by mid June (7 apparel, 5 Home)
- Performance impacted by new customs processes, mode of transport requirements & duty increase. Expect better performance in H2

Ghana

- Improved growth across all stores
- Improved stock flow & inventory levels
- New store space identified

Zambia

- Double digit sales growth at strong operating margins
- Sheet Street test stores (2) trading ahead of forecast

Nigeria

- Port congestion & strikes have been impacting performance
- Significant reduction in lead time & improved stock flow since end Aug 18 - positive impact on sales growth
- Long term opportunity exists in Nigeria - growing middle class & low international brand penetration
- Commissioned local advisors to undertake a detailed process analysis to support future growth opportunity

BNLS

- Namibia’s poor economic climate continues to impact performance - high unemployment in mining & construction
- Botswana Swaziland & Lesotho performed well with opportunities existing for further growth

Space growth

mr pricegrouplimited

1286 stores

		Closures	Reductions	Expansions	New stores	Nett space
Stores		6	13	2	34	
Space growth	: w.avg	-1.0%	-1.4%	0.4%	3.4%	1.4%
	: closing	-1.1%	-1.7%	0.4%	3.3%	0.9%

mrp

495 stores

15 new stores
0 expansions
2 reductions
1 closures

mrphome

178 stores

7 new stores
1 expansions
3 reductions
0 closures

mrpsport

107 stores

2 new stores
0 expansions
2 reductions
0 closures

sheet street

301 stores

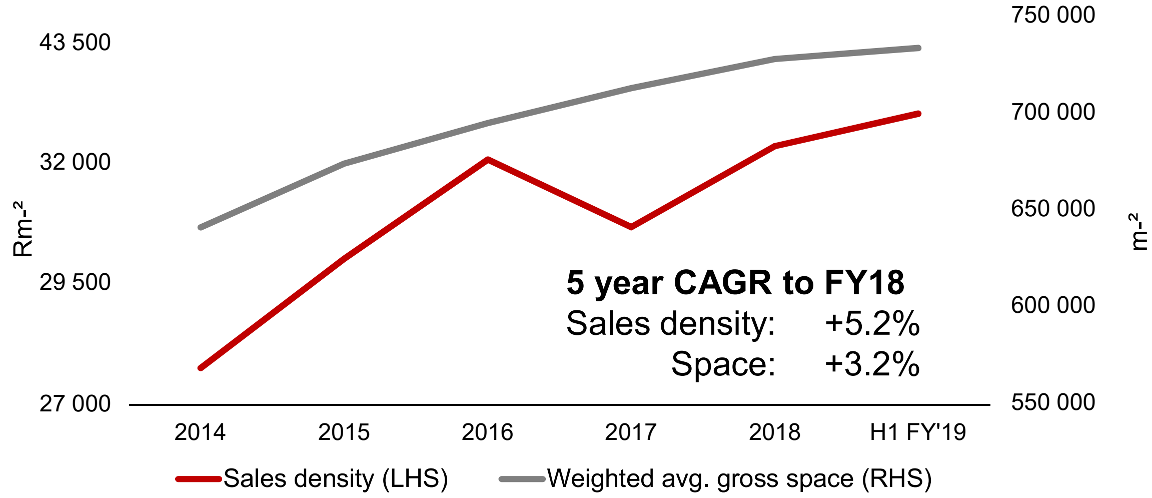
8 new stores
1 expansions
4 reductions
1 closures

MILADYS

205 stores

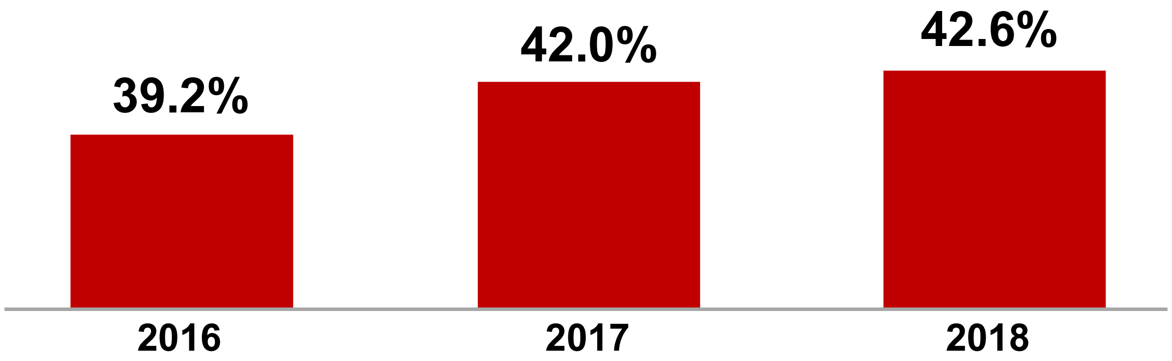
2 new stores
0 expansions
2 reductions
4 closures

Space growth analysis



- 3.7% growth in new space, 1.4% net of closures & reductions
- New store growth led by mrpApparel
- Opportunity continues for space optimisation in Miladys, mrpHome & mrpSport. ~5% of total space still to rationalise
- Ongoing focus on operational metrics - H1 sales densities up 6.2%
- 147 leases renewed: avg escalation +6.2%; agg base rentals reduced

Gross profit margin



2016	2017	2018
Merchandise GP 39.8%	Merchandise GP 42.5%	Merchandise GP 43.3%
Cellular GP 13.1%	Cellular GP 18.8%	Cellular GP 19.1%

- Group GP% increased 60bps with gains across all divisions
- Merchandise GP% improved 80bps. Gains & lower markdowns in all chains
- Cellular GP% improved by 30bps. Gains not as high as PY due to product mix changes & focus on instore rollout

Overhead expenses

Selling expenses (R'm)		
2018	2017	% change
2 271	2 104	7.9%

- Comparable store expenses up 5.7%; non comparable store expenses up 2.2% driven by space growth, Kenya acquisition & cellular expansion
- Rental costs increased 6.9%
  - basic store rentals & operating costs up 6.1%
  - higher straight line lease adjustment (new & renewed store leases). Improved base rentals & escalations
  - lower provision for onerous leases
- Employment costs up 8.8%; comparable stores 6.5%
- All other costs up 8.2%

Overhead expenses

Administrative expenses (R'm)		
2018	2017	% change
716	670	6.9%

- Employment costs up 6.2%, in line with avg. annual increases. Impact of additional staff appointments offset by lower incentive provision
- Increased people investment (recruitment, talent development and learnerships)
- Amortisation up 33.8% relating to IT projects capitalisation in prior year
- All other costs (excluding the above) up 2.3%

mrp

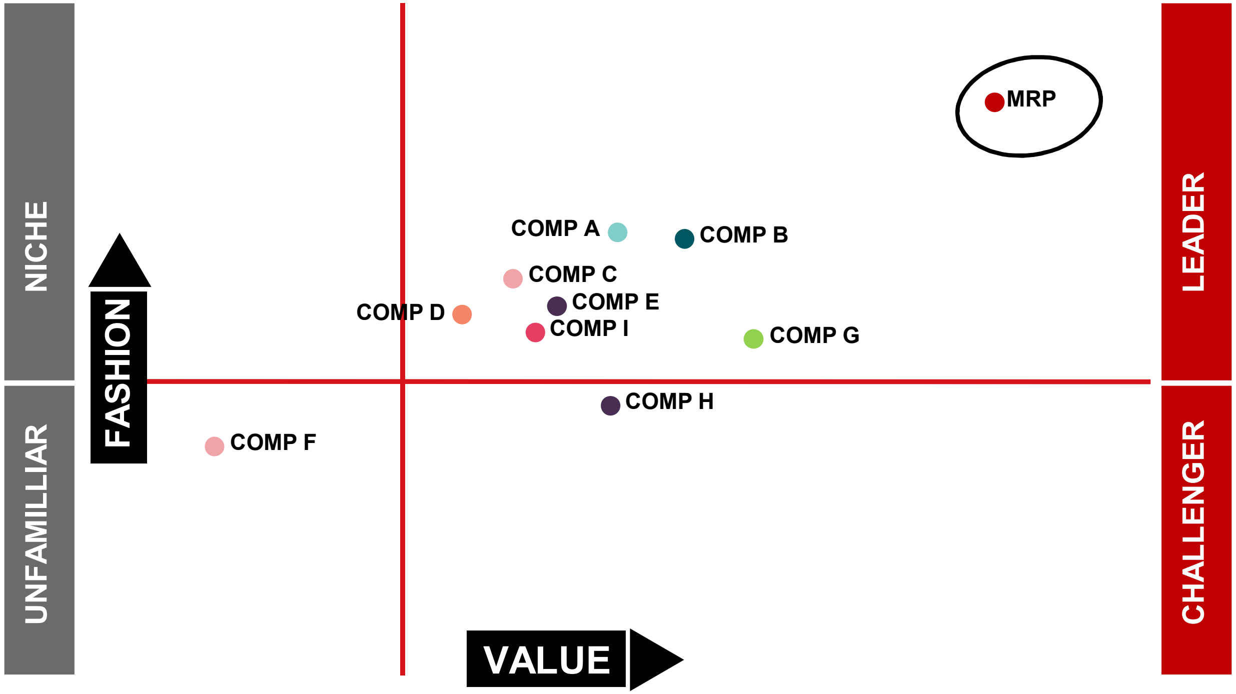
	2018	2017	% change
Retail sales[1]	R5 887m	R5 562m	5.8%
Comparable sales	3.0%	7.8%	
Unit sales	66.8m	65.7m	1.6%
RSP inflation[2]	5.1%	2.6%	
Weighted average space growth	2.9%	3.4%	
Trading density	R39 670m^{-2}	R37 336m^{-2}	6.2%

- Sales growth ahead of market[3] growth of 2.1%
- 28 of 30 departments grew sales, with more full priced items being sold. Have identified areas for further improvement in performance, mainly in casualwear & kids outerwear
- Inflation led by mix & lower markdowns
- Double digit operating profit growth achieved via profit wedge - GP% improvement & overhead management
- Won the Generation Next Coolest Clothing Store award in May 18. Voted the 17th most valuable brand in SA - Millward Brown
- Product quality & price are competitively positioned reinforcing our fashion value offering (pg 20)

1Excludes franchise & VAT 2Includes VAT 3Market per Stats SA Type D retailers, excluding mrp sales & VAT

Strong value positioning

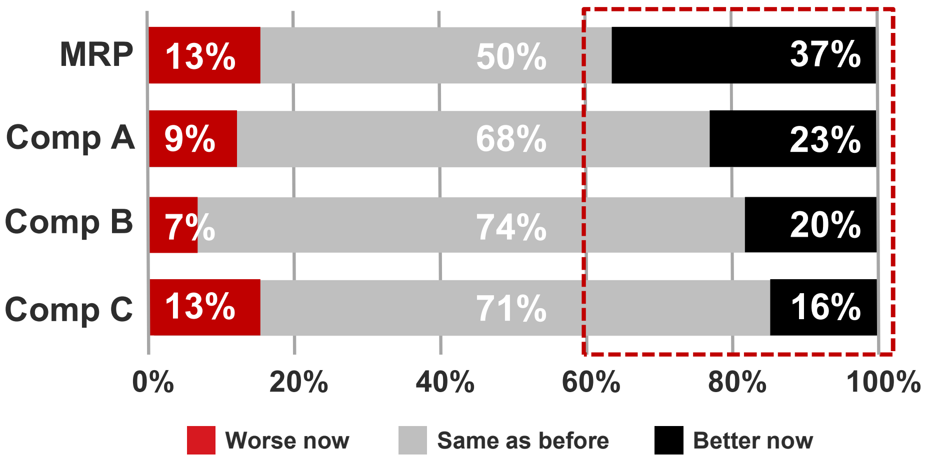
Fashion value matrix: 2018



Source: Nielsen

Assortment quality & width

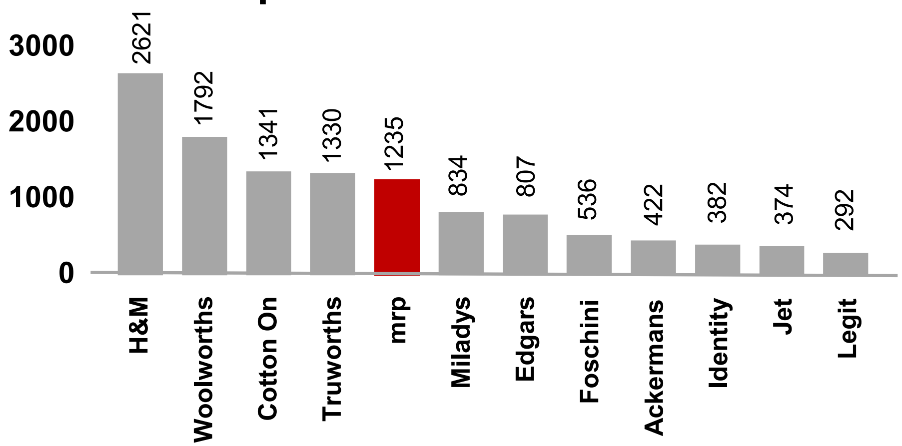
Consumer quality & fashion perception*



- Perception score is used as a benchmark for brands that consumers are most likely to engage with in the next 12 months
- Mrp quality & fashion improvements have been clearly noticed by consumers

*Based on the last 12 months. Source: UBS

Number of options

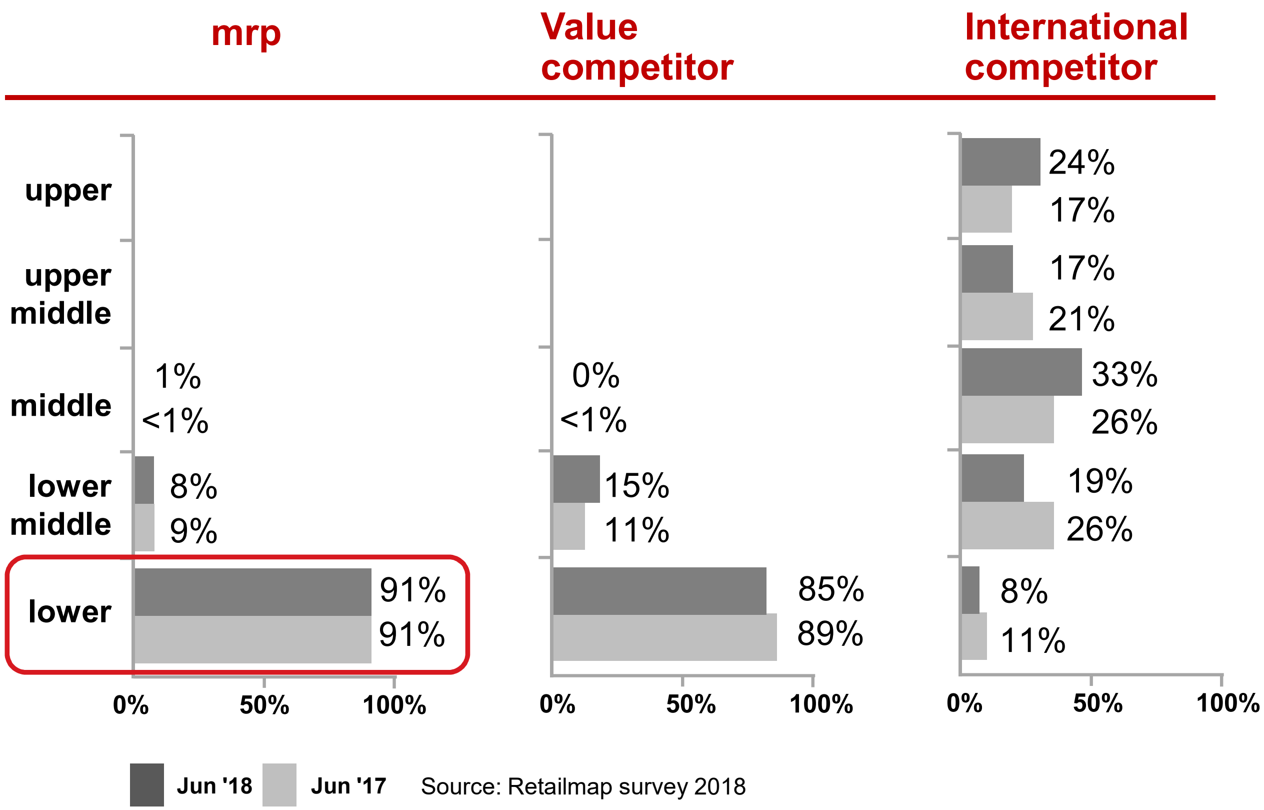


- Mrp range ranks 5th across apparel retailers in RSA
- Size similar to international & premium brands; significantly bigger than value competitors

Source: Retailmap survey 2018

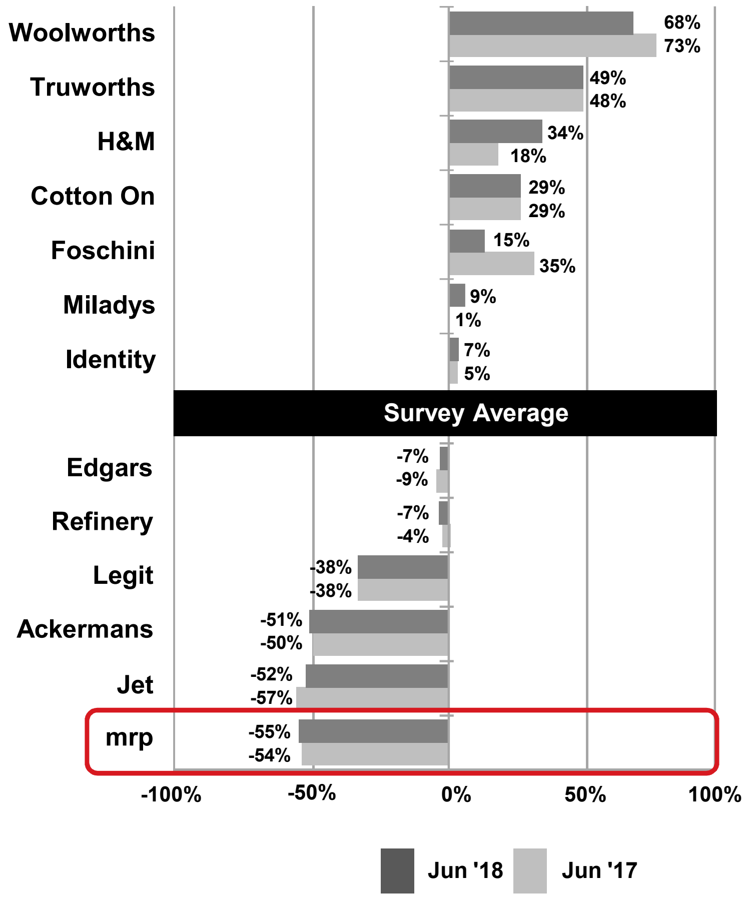
Price position maintained

Price tier analysis



Source: Retailmap survey 2018

Price differential to average



Strong eCommerce performance

Revenue	Online Store	Orders	Online users	Avg. basket size
+32%	Ranked 2nd	+26%	+29%	R480

Enabled by user experience

- 62% of in-store customers browse online before shopping
- 83% of mrp.com users visits the site monthly, up from 77% LY, and 67% weekly, up from 64% LY
- Active app users increased 152% (25% of total users)

Enabled by delivery

- Click & collect orders increased 34% & contribute 53% of total orders, enhancing operating margins
- 25% improvement in overall delivery time
- Store express remains our fastest & best value offering to our customer: cost R35; lead time 2 - 3 days

Social media:

83% of mrp shoppers active on FB
Targeted & cost effective marketing channel

In-App 'tap to shop'
Driving traffic & sales to mrp.com

10.3 million views in H1
Good support to traditional media

mrpsport

	2018	2017	% change
Retail sales	R691m	R644m	7.2%
Comparable sales	2.3%	(4.6%)	
Unit sales	5.8m	5.6m	3.6%
RSP inflation	4.4%	0.9%	
Weighted average space growth	2.6%	6.3%	
Trading density	R22 491m^{-2}	R22 294m^{-2}	0.9%

- Double digit sales growth in equipment, accessories, menswear & footwear
- Growth opportunities exist in ladieswear (fitness & outdoor), junior departments & category extensions
- Online sales up 40.4%, up 10 places in comparative store ranking
- Double digit GP% growth achieved at improved margins
- 6 of the top 11 finishers at this years Comrades Marathon wore Maxed running shoes

MILADYS

	2018	2017	% change
Retail sales	R706m	R652m	8.4%
Comparable sales	8.2%	11.8%	
Unit sales	3.5m	3.4m	3.9%
RSP inflation	5.2%	9.3%	
Weighted average space growth	(1.7%)	(0.5%)	
Trading density	R24 192m^{-2}	R22 386m^{-2}	8.1%

- Good product execution to a niche customer segment enabled further sales growth off a tough base of 11.4%
- Sales growth ahead of market for all months in H1
- Good performance in Athleisure (+25.2%) & casualwear (+8.7%). Opportunities in smartwear (2nd largest department) which grew 1.2%
- Non apparel up 11.5%, with most departments reporting double digit growth. Opportunity in costume jewellery & handbags
- Successful test of impulse fragrances in 30 test stores, further rollout of 50 stores planned in H2
- GP% improvement via lower markdowns & strong overhead management resulted in double digit operating profit growth

mrphome

	2018	2017	% change
Retail sales	R1 703m	R1 558m	9.3%
Comparable sales	6.6%	(3.4%)	
Unit sales	15.6m	14.7m	6.1%
RSP inflation	3.9%	2.1%	
Weighted average space growth	(1.6%)	0.3%	
Trading density	R27 100m^{-2}	R25 238m^{-2}	7.5%

- Bedroom, bathroom & living room softs were the best performing departments accounting for ~55% of sales
- Encouraging furniture sales growth of 8.6%
- Online grew by 29.0% aided by improved furniture stock flow - purchased through instore kiosks & fulfilled from DC
- GP% improvement (lower markdowns) & well managed overheads resulted in double digit operating profit growth
- Kasi Star Brands Homeware & Décor category winner
- Test store (340m^{-2}) opened in Wroclaw, Poland on 26 October 2018

sheet street

	2018	2017	% change
Retail sales	R726m	R695m	4.5%
Comparable sales	2.5%	1.1%	
Unit sales	8.2m	7.7m	6.8%
RSP inflation	(1.3%)	5.2%	
Weighted average space growth	1.9%	0.1%	
Trading density	R30 784m^{-2}	R29 730m^{-2}	3.5%

- Sales growth Q1 +2.4% - strong kitchen performance (+19.8%), while bathroom (+2.2%) & bedroom (+0.9%) struggled
- Q2 +6.5% - more balanced assortment in bathroom (+14.6%) & bedroom (5.5%)
- Consistent performance in living room throughout the period (+5.2%)
- Overhead growth was higher than gross profit growth, which impacted operating profit growth

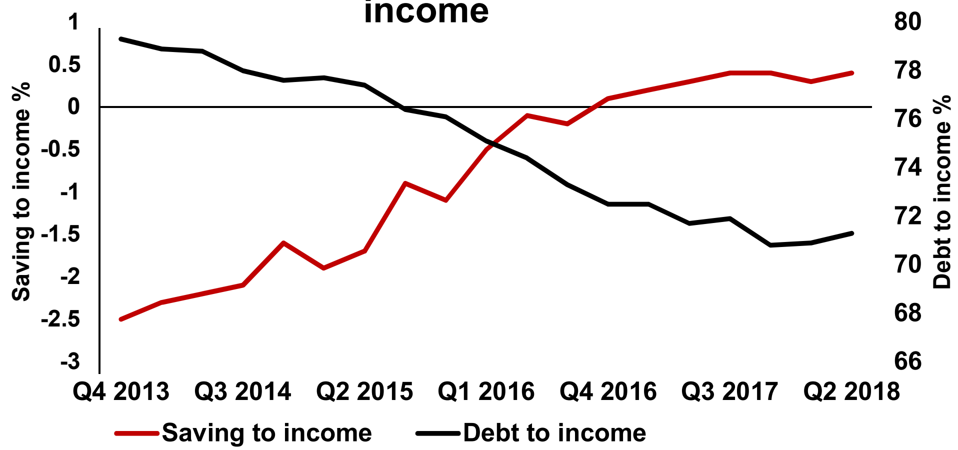
mrpmoney

R'm	2018	2017	% change
Cellular	296	195	52.3%
mrpMobile MVNO	92	84	9.2%
Cellular	119	14	733.9%
Airtime sales & commission	85	96	-11.3%
Insurance	131	121	7.6%
Credit- interest & charges	246	229	7.5%
Total revenue	673	545	23.5%

- **Mobile** - improved performance since full ownership of MVNO from Jan 18. Focus on postpaid showing positive signs, expect improved growth in H2
- **Cellular** - present in 249 stores (mainly mrp) selling handsets, sim cards & accessories. Onbiller gaining momentum - looking to replace airtime sold via USSD with better pricing & higher margins
- **Insurance** - increasingly regulated environment. Sales agent accreditation requirements impacted call centre. H2 focus on growth strategy & new products
- **Credit**
  - interest revenue impacted by slower credit sales, lower repo rate & IFRS 9 (stage 3 interest not raised)
  - increased monthly service fee to R10.50, well below competition

SA credit landscape

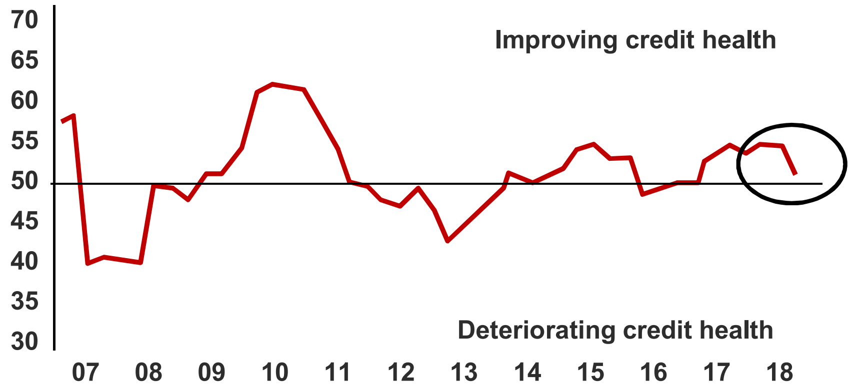
Household saving & debt to disposable income



Source: SARB

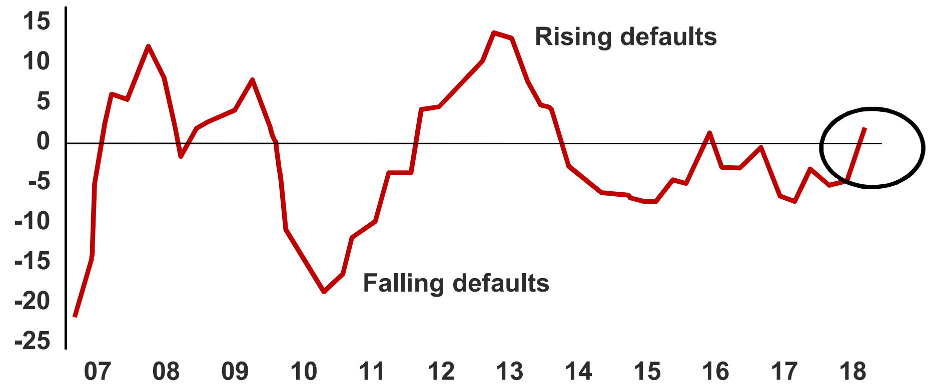
- RSA consumers have reduced their debt levels, creating room for increased saving
- Credit health has improved however downward trend developing
- Accounts in early default confirm deteriorating credit health levels. A sign of emerging consumer distress
- Household cash flow decreased -0.4% (Transunion Q2 2018), confirming the SARB report of declining disposable income

SA Consumer Credit Index



Source: Transunion- SA Consumer Credit Index Q2 2018

Accounts in early default (3 months in arrears)



Source: Transunion- SA Consumer Credit Index Q2 2018

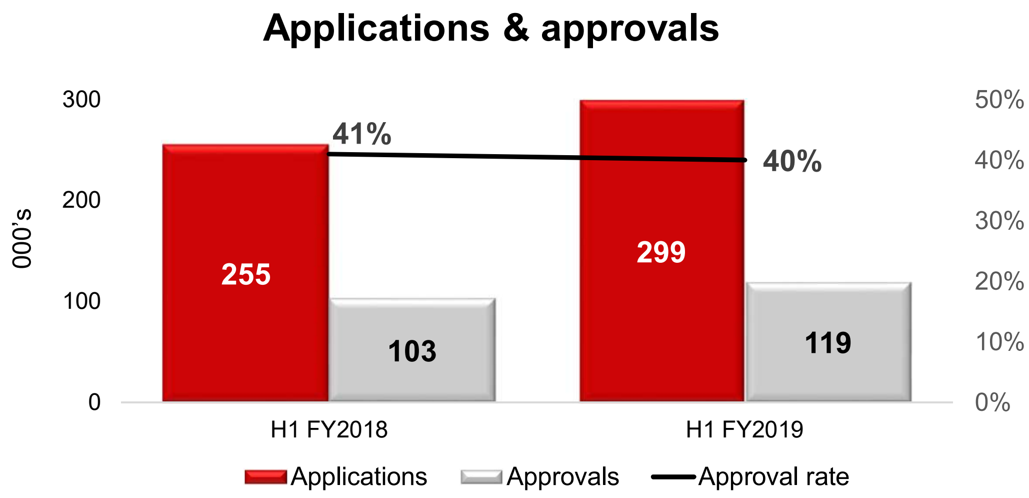
Credit performance

Credit sales
R1.6b
+2.2%

Avg credit basket
R341
+3.1%

# of credit transactions
4.7m
-0.9%

Active accounts
1.4m
+0.6%



- Active account growth & number of credit transactions in line with industry trends
- Credit scorecard tightened & opening credit limits reduced in Q2, resulting in a decrease in approval rate
- New account applications up 17.3% due to increased marketing & relaxation of affordability regulations. Approvals up 15.5%
- 13-36 MOB growth impacted by affordably regulations introduced in Sep '15. New account sales up 8.9%

Trade receivables

R'm	Sep 2018	Mar 18	Sep 2017	Sep/Mar % change	Sep/Sep % change
Retail debtors	2 116	2 134	2 011	-0.8%	5.2%
Mobile* & franchise debtors	81	60	74	32.8%	9.5%
Total debtors book	2 197	2 194	2 085	0.1%	5.4%
Retail debtors (97% of total)					
- NBD: book (excl collection costs)	6.2%	5.9%	5.9%		
- Impairment provision	8.3%	7.7%	7.3%		

- Retail debtors book up 5.2%, credit sales growth 2.2%
- NBD: book ratio of 6.2% (excl collection costs) increased 30bps. Including collection costs the ratio is 8.4%
- Debtors impairment provision % increased due to IFRS 9 transition. In line with NBD: book (incl collection costs)
- Enhanced processes in Mobile resulted in a better customer experience and an improved bad debt performance

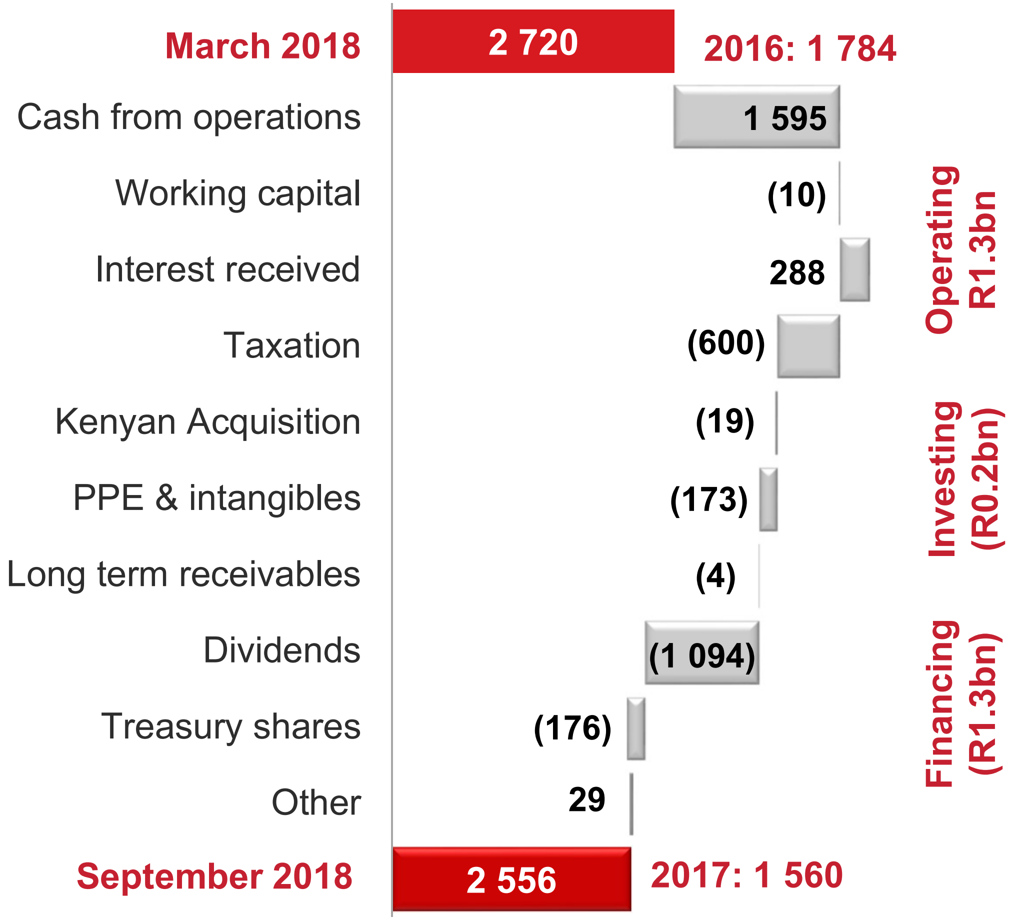
* Includes debtors with repayment terms greater than 12 months

Financial position

R'm	Sept 2018	March 2018
Non-current assets		
Property, plant & equip[1]	2 088	2 092
Intangible assets	457	433
Other non-current assets[2]	112	103
Current assets		
Inventories[3]	2 322	2 215
Trade & other receivables (pg 35)	2 230	2 374
Cash & cash equivalents (pg 37)	2 562	2 756
Reinsurance assets[4]	246	146
Total	10 017	10 119
Equity & liabilities		
Shareholders equity[5]	7 666	7 455
Non-current liabilities	262	257
Current liabilities[6]	2 083	2 371
Bank overdraft	6	36
Total	10 017	10 119

- [1]Additions of R133m (incl Kenya acquisition of R19m), depreciation R144m
- [2]Higher mrpMobile long term receivables, defined benefit pension fund & deferred tax assets
- [3]Gross merchandise inventory (incl GIT) up 4.8% vs Mar 18 (up 5.3% vs Sep '17). Including Cellular up 7.3% on Sep '17. Increased levels of freshness on PY
- [4]Mainly cash. Dividend to be paid in H2
- [5]Adjustment to opening retained income of R5m (IFRS 9: +R8m, IFRS 15 -R3m)
- [6]Trade & other payables down 4.4% on Mar '18. Up 2.3% vs Sep '17 (higher inventory but lower GIT)

Cash flow movements (R'm)



- Increase of 6.9% over H1 PY
- Lower receivables & creditors offset by higher inventory
- Higher cash balances & debtors book
- Includes FY18 top up payment

- Plant & equipment acquired May '18
- Additions: PPE R114m (stores: R101m), Intangibles R59m

- Increase in mrpMobile contract customer base
- Final FY18 dividend paid in June
- Long term incentive schemes' movement
- Translation of foreign cash reserves

- Profit after tax to free cash flow conversion ratio of 98.5%*

* Excludes impact of the FY18 tax top up payment of R178m

Outlook

- Global impact from emerging market sentiment & US trade negotiations
- Short term economic growth in RSA likely to be muted. Consumers will continue to be constrained & the competition for market share will continue in this environment
- Structural changes to boost growth in the economy likely to only materialise post the national elections in 2019
- Positive that with the right outcome, RSA has the potential to enter into a new economic growth phase, however this will be gradual
- Forecast to open 45-50 stores in H2, with annual capex of ~R600m

Execution of our tried & tested fashion value model remains key

mr pricegrouplimited

thank you