FY20

ANNUAL RESULTS TO 28 MARCH 2020

mr price group limited

01 Backdrop

Retail Environment Overview & Group Performance
by Mark Blair - CEO

02 Performance

Detailed Group Results
by Mark Stirton - CFO

03 Future

COVID-19 Response, Strategy & Outlook
by Mark Blair - CEO

01

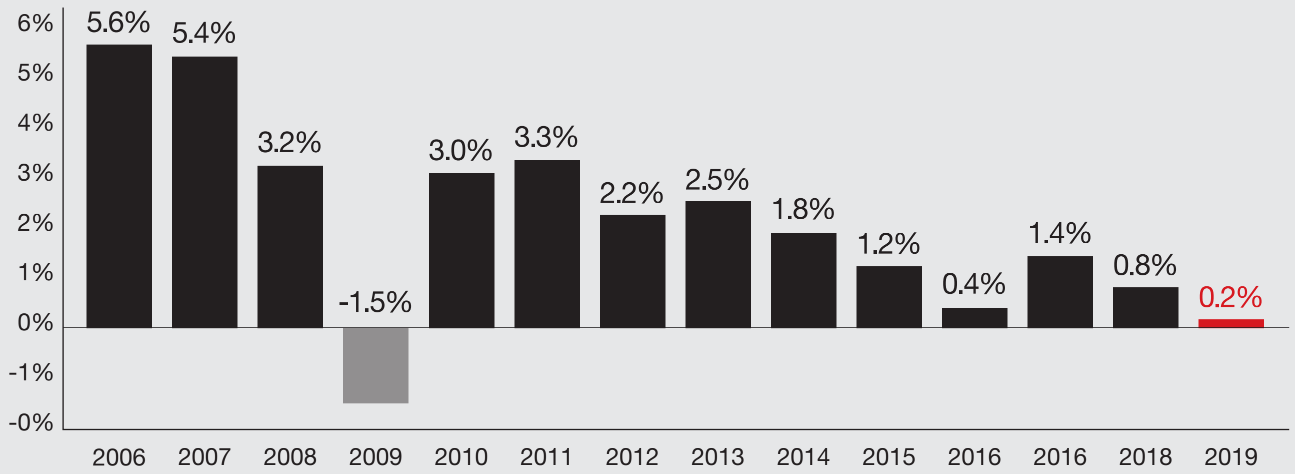
BACKDROP

Retail Environment Overview & Group Performance
by Mark Blair - CEO

ECONOMIC OVERVIEW

Pre COVID-19

South African GDP growth



The SA economy grew 0.2% in 2019, the lowest level since 2009. **The last two quarters of 2019 declined (technical recession)**

Key indicators

Business confidence

18 Index points (Q1 2020)

28 index points (Q1 2019)

CEO confidence

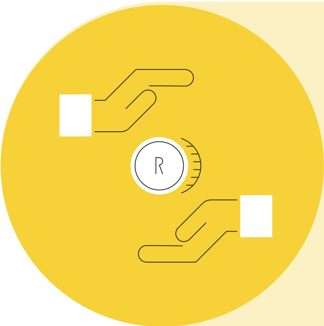
40 index points (Q4 2019)

49 index points (Q4 2018)

Unemployment rate

30.1% (Q1 2020)

27.6% (Q1 2019)



Avg. exchange rate

Q4 FY20: R15.37
Q4 FY19: R14.01
30 Mar FY20: R18.07

SA CEO's concerns

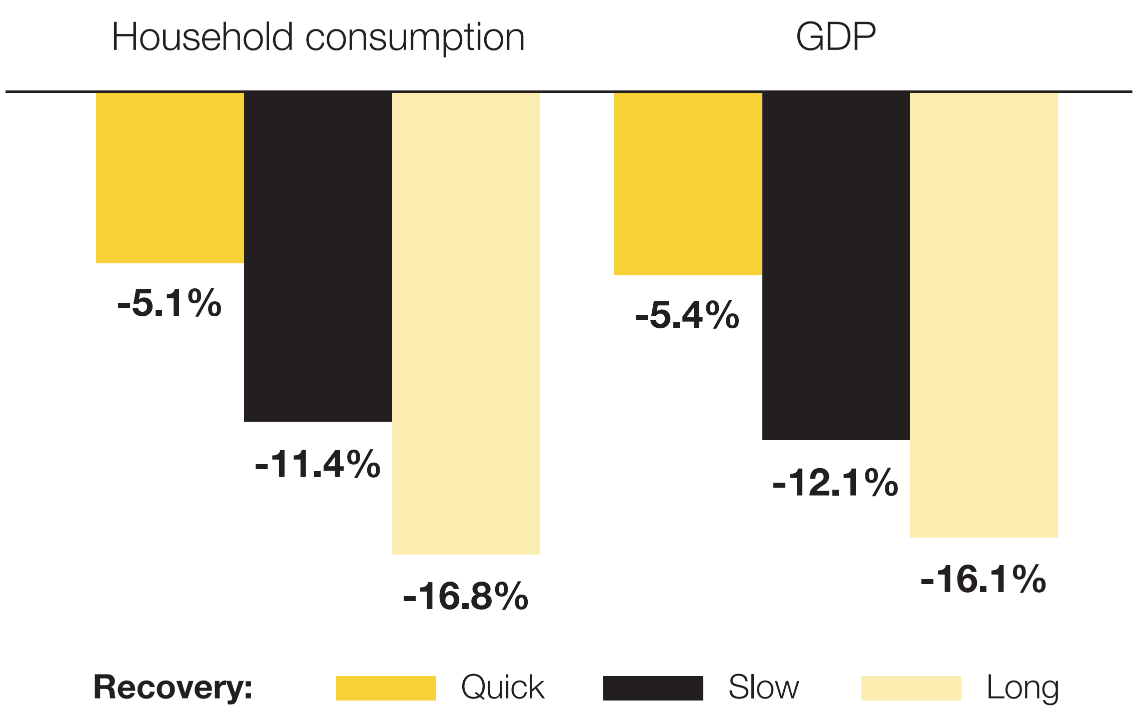
State of the economy, load shedding, corruption & SOE's

Source: SARB, BER Business Confidence, Stats SA, Merchantec Capital

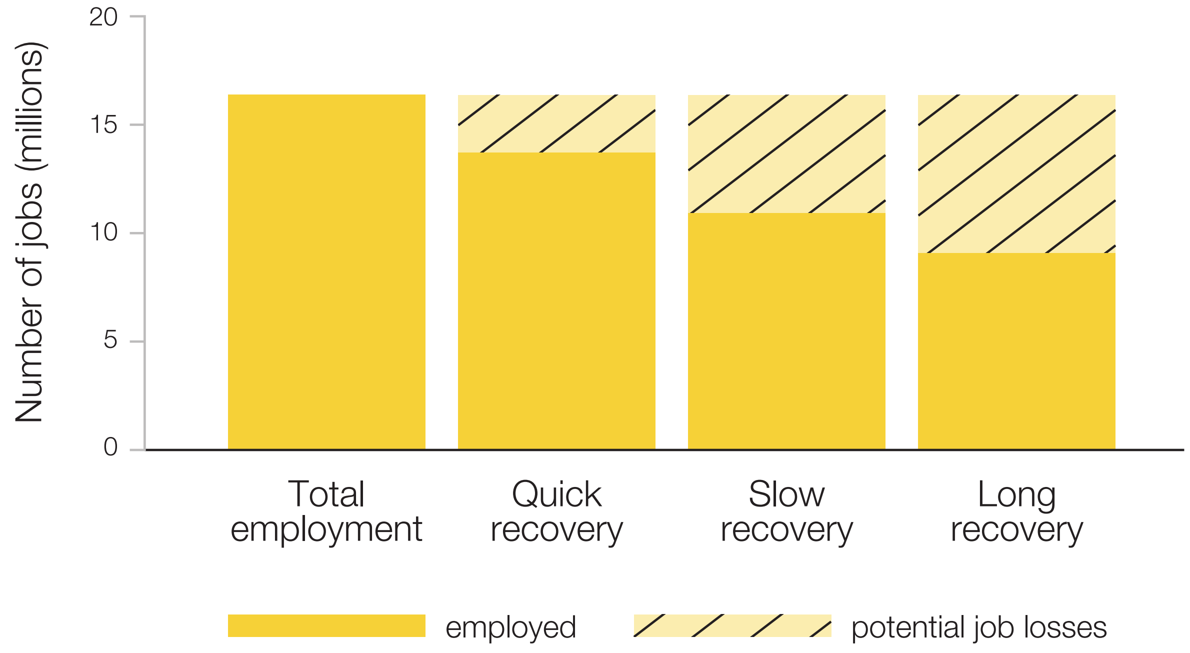
THE COVID-19 EFFECT

A quick recovery case could see the consumer environment less effected than originally thought. The long recovery case would have a significant impact on all sectors in SA

Possibility of a deep recession



Potential job loss impact

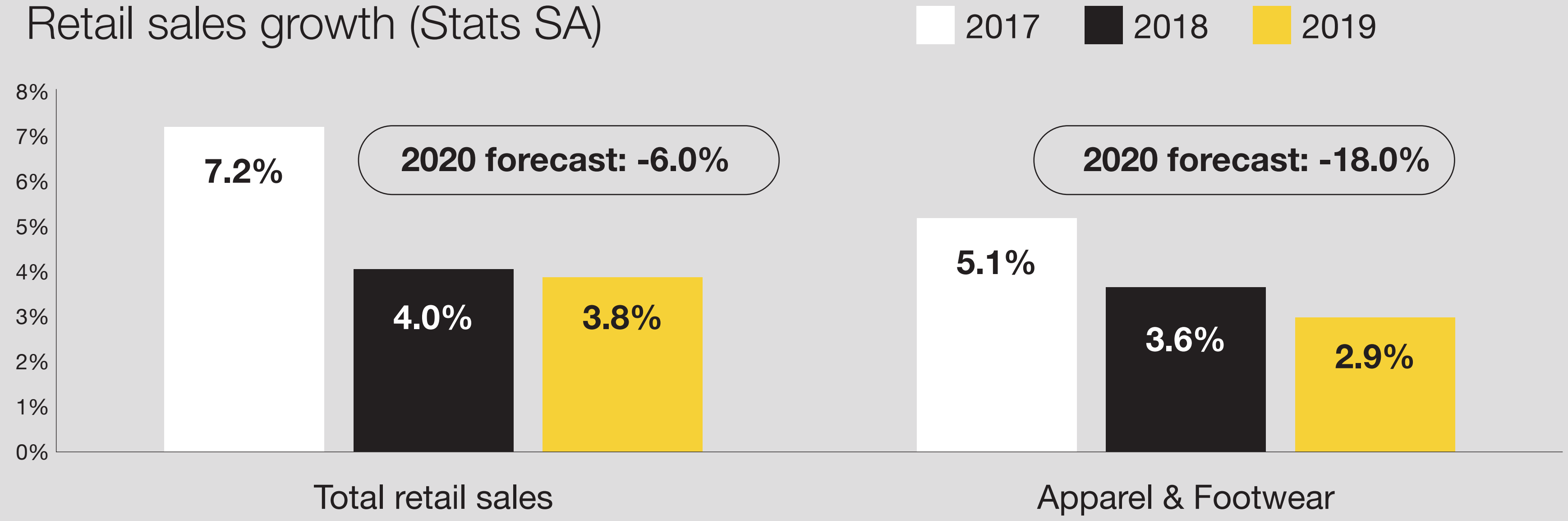


Business confidence fell 13 index points in Q2 2020 to its lowest level on record

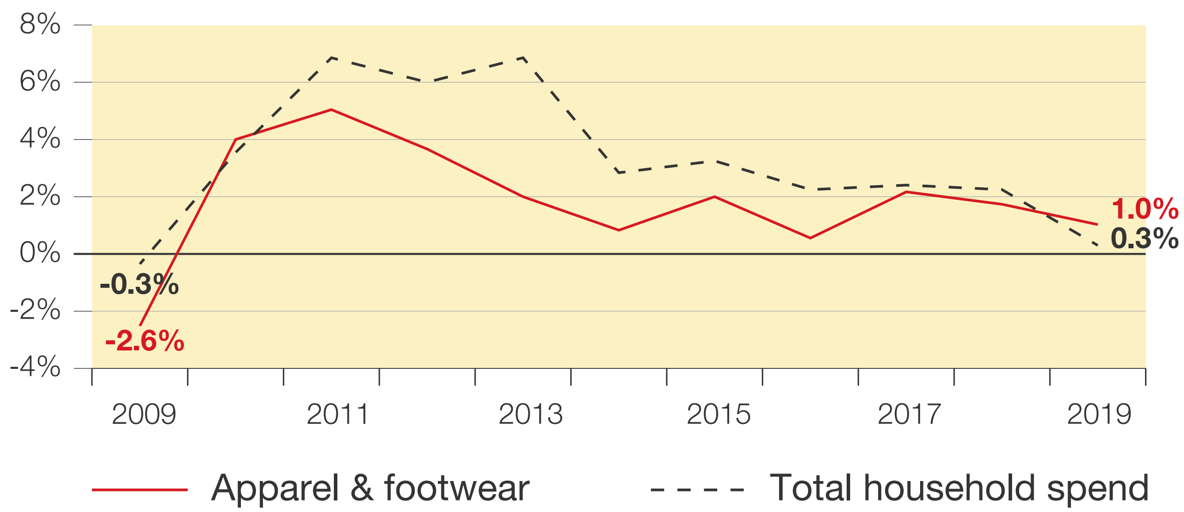
Source: National Treasury, Bloomberg, IMF, BER Business Confidence

CONSUMER OVERVIEW

Retail sales growth (Stats SA)



Household expenditure: real growth



Consumer confidence

Q1 2020
-9 index points

Q1 2019
+2 index points

Q1 2018
+26 index points

Source: Stats SA, SARB, BER Consumer Confidence, RMB Morgan Stanley

ANNUAL GROUP PERFORMANCE

Revenue

+2.1%

R23.0bn

Operating Margin

(40bps) | 17.4%

Normalised: (200bps) | 15.8%

EBITDA

+29.5% | R5.6bn

Normalised: (7.8%) | R4.0bn

Profit after tax

(9.8%) | R2.7bn

Normalised: (7.7%) | R2.7bn

Total diluted HEPS

(9.9%) | 1 029.4c

Normalised: (7.8%) | 1 053.3c

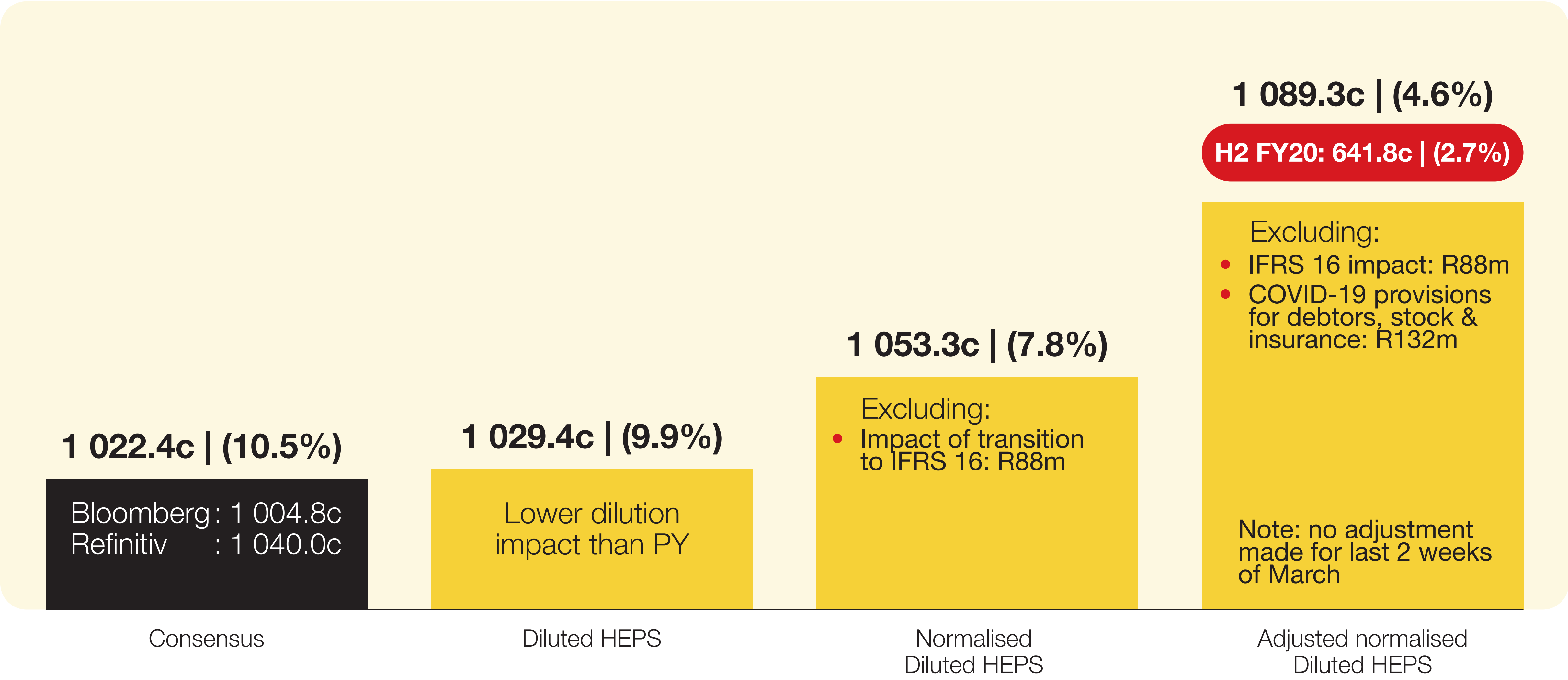
Dividend per share

311.4c

*No final dividend declared

Normalised: excluding impact of transition to IFRS 16 (IAS 17 basis - refer pg 52) | *No final dividend declared to preserve cash due to uncertainty & future potential disruptions

EARNINGS BREAKDOWN

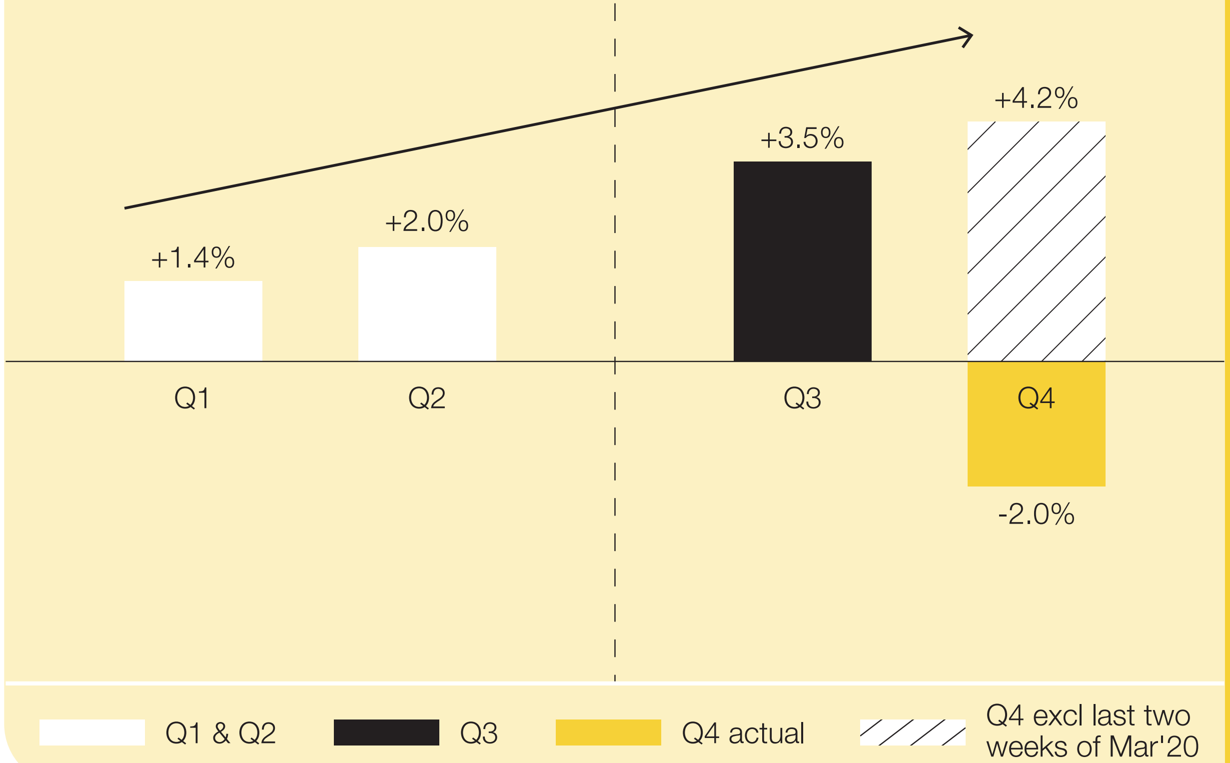


ANNUAL PERFORMANCE: INCREASING MOMENTUM

Annual group retail sales growth: +1.5% (Excl. last two weeks Mar'20 +2.7%)

H1: Retail sales +1.7%

H2: Retail sales +1.3%
- Excl last 2 weeks Mar +3.7%
- Gained 0.2% *market share



Q3 ANALYSIS

Improved high summer performance in Mr Price Apparel due to internal initiatives. Retail sales growth increased from 1.7% in H1 FY20 to 3.5% in Q3. Sales in Nov/Dec grew 4.6% & GP% was maintained, despite Dec load shedding (Refer pg 10)

Q4 ANALYSIS

More full priced items sold in Jan/Feb, enabling GP% gain. Closed March with single digit stock growth. Initially disrupted by supply chain concerns out of China but materially impacted by demand side impact of national lockdown announcement. Excl last 2 weeks of Q4, group retail sales were up 4.2%

Q4 CHALLENGES

Load shedding:
8 days in Jan'20 & 16 days in Feb'20

Competitor promotions:
Higher proportion of distressed merchandise on promotion (discounts of up to 70%) from Dec'19-Jan'20

COVID-19:
Sales in first two weeks of Mar'20 grew 8.6% & declined 32.5% in the last 2 weeks

*Market share data per RLC

H2 PERFORMANCE: MARKET SHARE GAINS

December disruption
Dec 2019

Business activity in key weeks were materially affected by load shedding & highveld storm disruptions. This partially diluted the impact of the extra week of school holidays. All divisions grew market share

Strong Black Friday
Nov 2019

Market share gains in an increasingly key trading month due to Black Friday. Consumer spending habits prior to Christmas have changed

Rugby World Cup
Oct 2019

Gained market share despite SA retail sales growth being muted at 0.3%. Mr Price Home was the most impacted division

Clean stock position
Jan 2020

Focus on inventory management-stock growth into Jan '20 within targeted low single-digit range. Lower markdowns & GP% gains. Small market share loss- high competitor promotional activity to clear stock

Consumers spend less
Feb 2020

SA retail sales growth slowed to 1.0%. Ongoing load shedding & consumer purchasing power weakened further. GP% gain & market share maintained

Lockdown
Mar 2020

First 2 weeks of March prior to lockdown announcement, sales grew 8.6%. Last 2 weeks of March declined 32.5%, materially impacting the whole of H2. Gained market share

Market share data per RLC | SA retail sales per Stats SA

02

PERFORMANCE

Detailed Group Results
by Mark Stirton - CFO

GROUP INCOME STATEMENT & GROWTH DRIVERS

R'M	2020	2019	% Change Annual	% Change H2
Continuing operations				
Retail sales & other income (pg 43)[1]	22 773	22 334	2.0%	1.7%
Gross profit (pg 15)[2]	9 047	9 243	(2.1%)	(0.1%)
Expenses (pg 16)[3]	5 917	6 086	(2.8%)	(0.7%)
Profit from operating activities	3 966	3 965	0.0%	1.3%
Net finance (expense)/income[4]	(200)	220	(190.9%)	(193.7%)
Profit before taxation	3 766	4 184	(10.0%)	(8.5%)
Taxation (Effective tax rate: 28.0%)	1 053	1 176	(10.5%)	(9.2%)
Profit after taxation	2 713	3 008	(9.8%)	(8.4%)
Net (loss) from discontinued operations[5]	(9)	(27)		
Profit attributable to shareholders	2 704	2 982	(9.3%)	(8.7%)

	H1	H2
*RSOI	2.3%	1.7%
*Gross profit Rands	(4.2%)	(0.1%)
*Expenses	(5.0%)	(0.7%)
Operating profit	(1.6%)	1.3%

- [1]Refer pg 9 for detailed retail sales analysis
- [2]Gross margin level improved from 40.0% in H1 to 42.3% H2. Excl Mar'20, GP% was maintained in H2 vs PY
- [3]IFRS 16 impact: Includes right of use asset deprecation of R1 253m which is lower than rental expense exclusion
- [4]Includes interest on lease liability expense (IFRS 16) of R453m & interest on cash reserves of R253m
- [5]Relates to discontinued operations in Poland & Australia

*Impacted by COVID-19: sales in March & additional provisions

GROUP SALES^ GROWTH DRIVERS

GEOGRAPHY	TENDER TYPE	CHANNEL	MERCHANDISE
+2.2% RSA	+2.4% *Cash	+1.7% Bricks	+0.2% Unit growth
-1.3% Non RSA	0.3% #Credit	+17.5% Online	+1.8% RSP Inflation
RSA: 92.5% of sales (PY: 91.9%)	Cash: 84.3% of sales (PY: 84.1%)	Bricks: 98.5% of sales (PY: 98.7%)	Units: 220.8m (PY: 220.3m)

^Includes Cellular | *Cash & Card (debit/credit) | #Store card sale

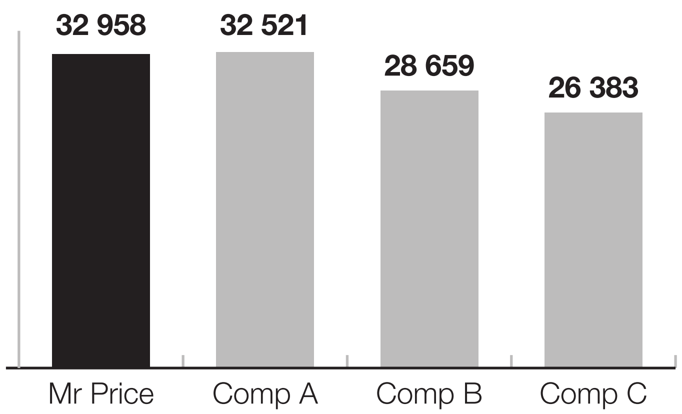
SPACE GROWTH

Total Group
1 378 stores

Total gross space
$764\ 353m^{-2}$

Mr Price Apparel	532 stores
Miladys	232 stores
Mr Price Sport	124 stores
Mr Price Home	177 stores
Sheet Street	313 stores

Trading density (Rm^{-2})



Source: BoAML/company data-latest available

FY20 numbers

- 3.2% new space growth, 2.2% net growth in line with target
- 71 new stores added. 4.2% store growth. Avg new store size 37% smaller than existing store base.
- Sales density remains higher than direct retail competitors (RHS graph)
- 197 leases renewed in FY20. Further improvement in annual escalation & base rental reversion terms

Looking ahead-opportunities & managing risk

- 80% of new stores were micro, small & medium in size. Positioning the store network favourably for post COVID-19
- A review of all new store feasibilities undertaken & 4th quartile existing store base regularly assessed
- Space will become available due to COVID-19 impact - opportunity to assess existing base, new stores & new formats
- Targeting rental renewals in favour of higher variable components

*Refer pg 45 for detailed space & store movements

GROSS PROFIT MARGIN

Gross profit analysis

Merchandise GP

2018	2019	2020
43.7%	43.6%	42.0%

Cellular GP

2018	2019	2020
20.6%	19.1%	18.7%

Total GP

2018	2019	2020
43.3%	42.9%	41.2%

Merchandise GP% improved from 40.7% in H1 to 43.2% in H2. Mainly due to improved assortment in Mr Price Apparel resulting in lower markdowns

In store cellular (mainly handsets & accessories) GP% improved by 90bps to 15.6%. Located in 262 stores. Overall Cellular GP% decreased due to in store/ MVNO mix

Total GP% decreased 170bps, predominantly in H1. Excl additional COVID-19 stock provision GP% was flat in H2 vs PY

CONTROLLED EXPENSE MANAGEMENT

Expenses

- Total:	(2.8%)
- Normalised:	+3.2%
- Adjusted normalised:	+2.4%

Selling expenses* (R'M)

2020	2019	% Change	
		Statutory	Normalised#
4 519	4 675	(3.3%)	4.5%

- Adjusted normalised^ selling expenses up 3.6%
- W.avg space growth of 2.2% (new space growth of 3.2%)
- Rental reversions achieved on renewed leases
- Employment cost growth contained at 2.6% driven by staffing efficiencies, headcount management & lower variable pay
- Net bad debt expense up 3.0%. Increased debtors impairment provision to account for the impact of COVID-19, offset by debtors' not aged in Mar'20

Administrative expenses* (R'M)

2020	2019	% Change	
		Statutory	Normalised#
1 398	1 410	(0.9%)	(1.1%)

- Head office costs remain tightly controlled
- Employment costs down 0.4%, driven by lower incentive payouts & human capital efficiencies
- Depreciation on ROU asset was 25.6% higher than last year's basic rental
- Movement in IT project impairment of R50m positively impacted CY

*Continuing operations | #Normalised: excluding impact of transition to IFRS 16 (IAS 17 basis - refer pg 52) | ^Adjusted normalised: excluding IFRS 16 impact & COVID-19 provisions

AUSTERITY ACTIVITIES

- ~R300m reduction in budgeted expenses for FY21
- Employment costs:
  - Suspended head office salary increases
  - Executive & non-executive directors cut in salaries & fees
  - Head office & store incentive structures under review
  - Group wide hiring freeze
  - Reduction in contractors
  - Labour hours rationalised
  - Accessed government support initiatives mainly in Apr’20
- Further improvement in annual escalation & base rental reversion terms
- ~70% of order book hedged to November 2020 at pre COVID-19 rates
- Hedged ~70% of fuel (diesel) exposure at favourable rates
- Sundry supplier contracts escalations renegotiated
- Process automation projects accelerated to enhance lean structures
- Fit for growth organisational design initiatives underway

STRONG BALANCE SHEET

R'M	Mar 2020	Mar 2019
Non-current assets[1]	**7 110**	**2 664**
Current assets	**10 244**	**8 481**
Inventories	**2 719**	2 692
Trade & other receivables[2]	2 268	2 179
Cash & cash equivalents	**4 726**	3 275
Reinsurance assets	182	304
Other	349	31
Total	**17 354**	**11 145**
Shareholders equity	9 428	8 682
Total liabilities[3]	7 926	2 463
Total	**17 354**	**11 145**

- Stock including GIT up 3.7% within single digit target range
- Stock impairment provision increased to 9.6% (PY: 6.6%) due to future uncertainty

- R615m held in non RSA territories & share trusts
- ~R500m provisional tax payment made after cut-off date

- [1]Includes right of use assets of R4 362m (refer pg 52)
- [2]Collections impacted by store closures (refer pg 20)
- [3]Includes lease liability of R5 041m & ~R500m provisional income tax due
- NAV per share up 8.5% to 3 636.0c

CASH FLOW MOVEMENTS

R'M			
Mar 2019	3 150		
Cash from operations	5 166	Operating R5.7bn	IFRS 16: rent expense removed. Refer to financing cashflows
Working capital	465		Accounts payable timing due to cut-off compared to PY
Net interest received	640		Interest received up 14.8%
Taxation	(610)		Timing of cash payments vs PY
PPE & intangibles	(487)	Investing (R0.5bn)	PPE additions: R359m Intangible additions: R156m
Long term receivables	15		Long term mobile receivables
Dividends	(1 944)	Financing (R3.7bn)	Final FY2019: 424c paid in Jun; Interim FY2020: 311.4c paid in Dec
Treasury shares	(118)		Long term incentive schemes
Repayment of lease liabilities	(1 589)		Cash paid for rentals previously included in operating activities
Other	38		Exchange losses
Mar 2020	4 726		

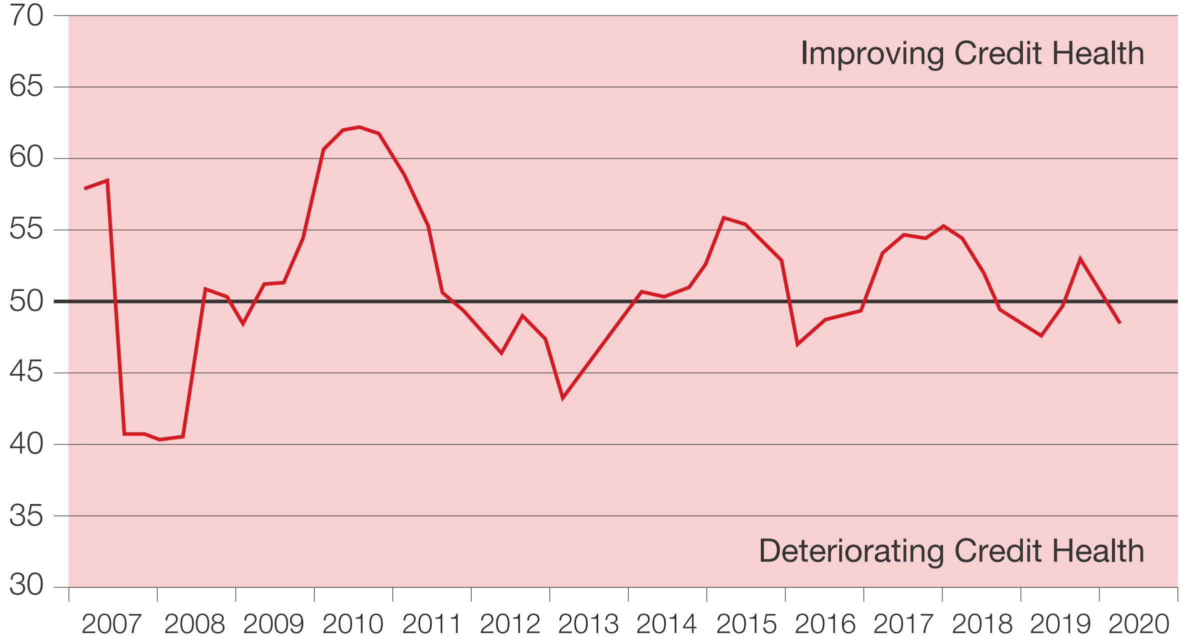
TRADE RECEIVABLES

R'M	Mar 20	Sep 19	Mar 19	% Change	
				Mar/Sep	Mar/Mar
Total debtors book	2 300	2 200	2 186	4.5%	5.2%
NBD: book (excl collection costs)	6.3%	7.6%	7.5%		
Impairment provision	10.4%	7.5%	9.0%		

- Excluding last two weeks of Mar'20, H2 (+2.2%) credit sales grew faster than H1 (+0.8%)
- Net bad debt to book lower in H2 - book not aged in Mar'20. Bad debts not incurred in full for that month
- Higher impairment provision to account for:
  - book not aged in Mar & Apr'20 (customers not able to pay in store due to lockdown)
  - increased risk of defaults due to credit consumer distress
  - lower collections
- New accounts temporarily suspended & score cards readjusted. Book health showing mild signs of distresses vs prior year collections

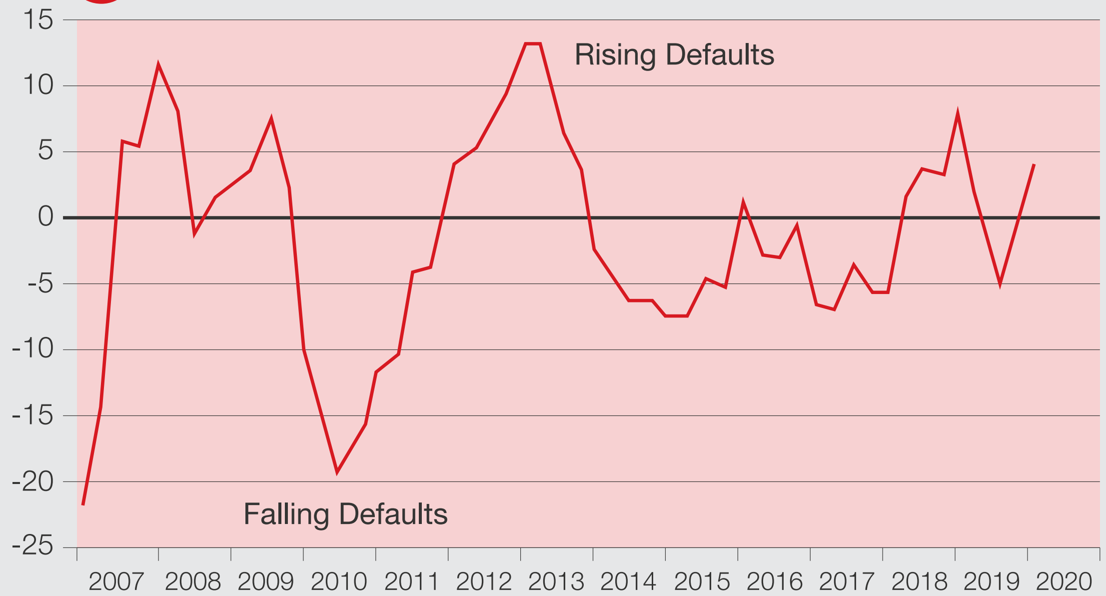
SA CREDIT LANDSCAPE

1 Transunion Consumer Credit Index (CCI)

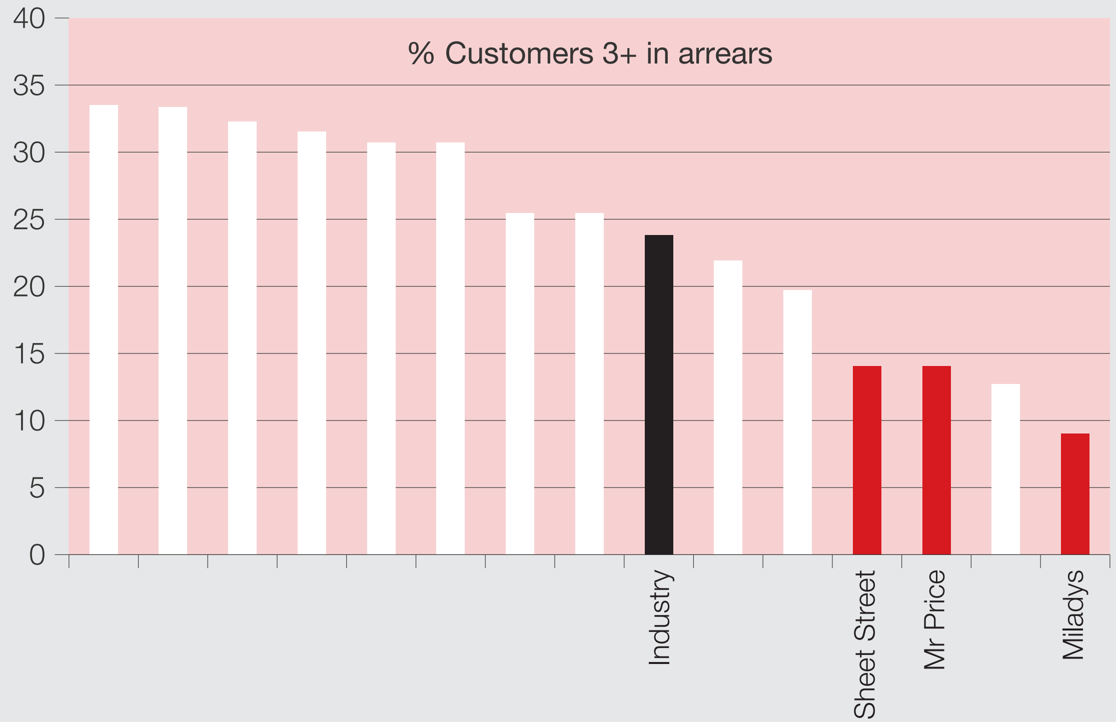


1. Q1’20 CCI showed a deterioration, falling below the break-even level of 50
2. Defaults increased 4.4% in Q1’20, similar pattern to GFC
3. Industry avg of customers in arrears elsewhere significant vs MRPG

2 Industry accounts in default



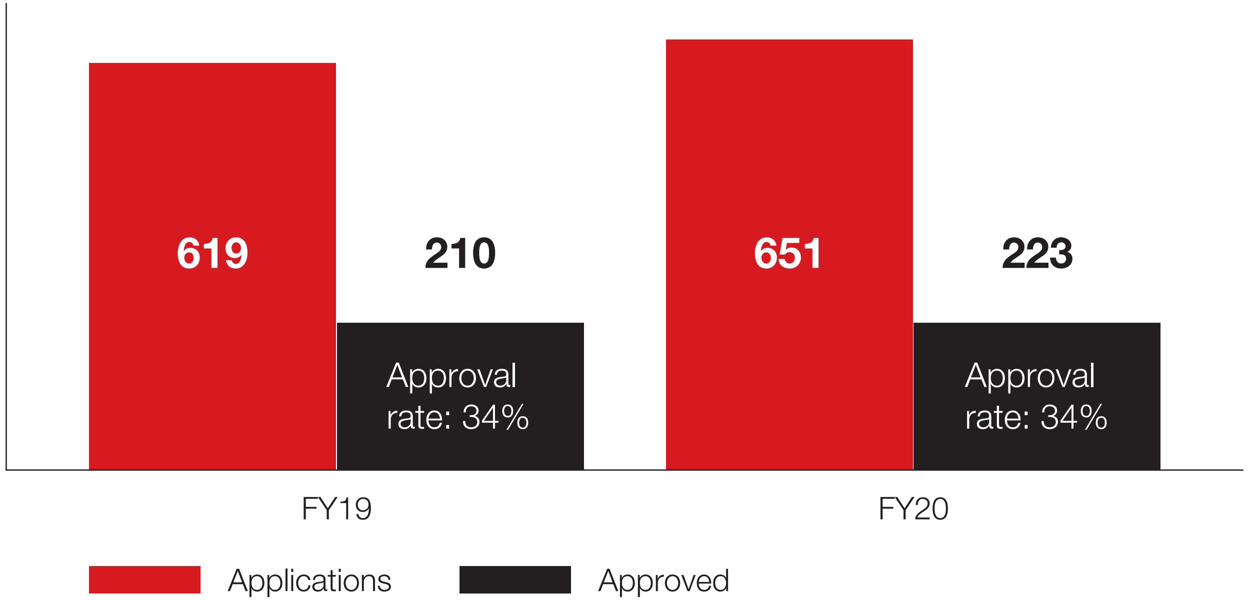
3 Originating accounts: % Customers 3+ in arrears elsewhere



Source: TransUnion | Principa- Credit Compass & Bureau Benchmarking

CREDIT PERFORMANCE

New accounts (000)



- Positive basket growth. Active account growth but transactions down
- Miladys, Mr Price Sport & Sheet Street all reported credit sales growth, with increases in active customers & avg baskets
- FY21 credit environment will be challenging. Approvals will be tightly controlled. Payment holidays by the market will impact credit scores

Credit sales	Avg credit basket*
R3.4bn	R419
+0.3%	+4.8%

# of credit transactions	Active accounts
9.3m	1.4m
-4.3%	+0.8%

*Includes VAT

03

FUTURE

COVID-19 Response, Strategy & Outlook
By Mark Blair - CEO

PARTNERSHIP AT MR PRICE

From day one, our value system guided our actions. Our engagement during this time will shape our future

Associates

- Most important stakeholder
- Frequent communication
- Full pay to date. Exec mngt & board took a salary & fees cut of 10%-15% for 6 months

Suppliers

- Merchant teams worked closely with suppliers to manage order book
- Avoided unilaterally cancelling orders
- We need our suppliers to survive & grow with us

Partnership

Communities

- Co-funded 10k t-shirts & caps used by front line testers
- Donated to the KZN Growth Initiative & Solidarity Fund
- Divisional 'Together We Do Good' campaigns

Landlords

- Engaged extensively with retail & landlord CEO's
- Legal advice - no rent payable during lockdown
- Property Industry Group accepted our Mar-Jun 2020 payment

Shareholders

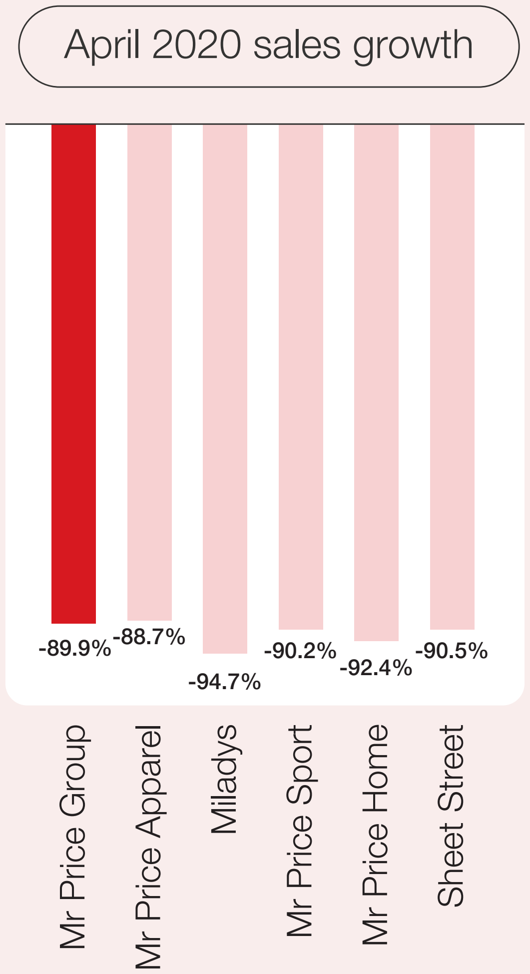
- Issued SENS notice prior to lockdown (26 March)
- Communicated change in results release (4 May)
- Extensive engagement process re equity raise

Customers

- Stores equipped with PPE, sanitizer & other protective measures & implemented all legislated protocols
- Safe & comfortable shopping experience
- Maintaining customers' trust is in the hands of our frontline associates

FY21 SO FAR...

27 March - 30 April 2020
Lockdown: Level 5



National state of disaster.

All SA stores closed on 27 March. All other regions experienced some form of restriction except for Kenya & Zambia.

Sales totaled R1.9bn in Apr'19. Sales were down ~90% in Apr'20 (traded 1 & 2 May)

Gained clarity on permitted merchandise at level 4

Prepared safe & secure store/ head office environments

Engaged in discussions with the PI Group, suppliers & all other stakeholders

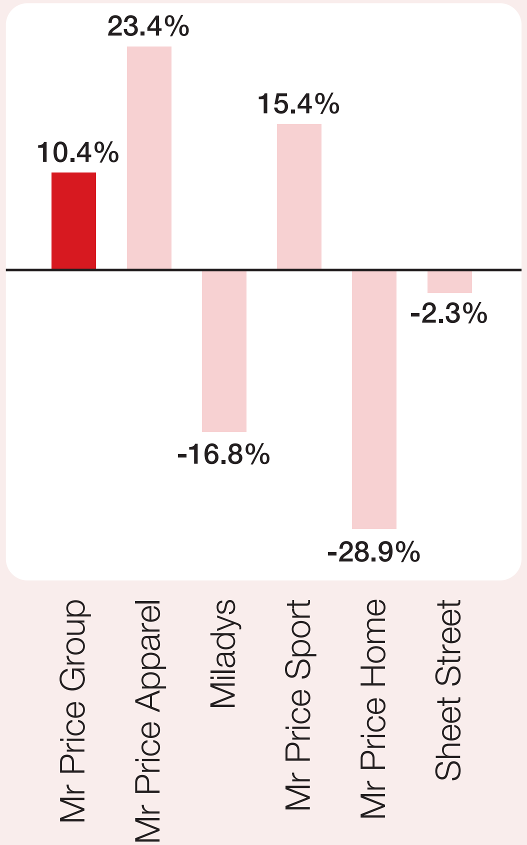
Worked with distressed credit customers:

- Did not age debtors' book
- Avoided entire credit base being unable to shop on re-opening & issues with credit bureaus
- Collections materially impacted by store closures

FY21 SO FAR...

1 - 31 May 2020
Lockdown: Level 4

May 2020 sales growth



All stores in South Africa able to trade:

- Clothing restricted to essential winter & childrenswear
- Homewares limited to winter bedding

Strong growth in first two weeks in:

- Mr Price Apparel +48%
- Mr Price Sport +21%

Sales declines in:

- Miladys, more mature, conservative customer
- Homeware divisions, but Sheet Street able to sell a higher % of their range

Pent up demand driven by:

- Being in lockdown for 2 paydays
- Purchase of mainly food in lockdown
- Reduction in debt re-payments
- Savings eg lower transport costs
- Onset of winter

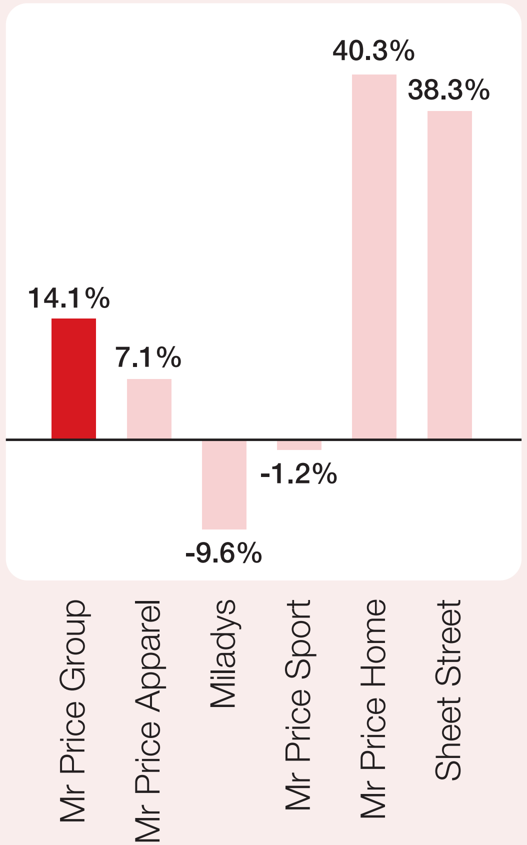
Flat growth in last 2 weeks:

- Mr Price Apparel & Sport continued to achieve growth, but at a lower rate

FY21 SO FAR...

1 - 20 June 2020
Lockdown: Level 3

June 2020 sales growth



All stores open:

- All merchandise categories permitted to be sold

Pent up demand shift:

- Now able to sell full homewares range
- Good but slower growth in Mr Price Apparel
- Miladys trend continued
- Mr Price Sport impacted by slowdown in seasonal sport

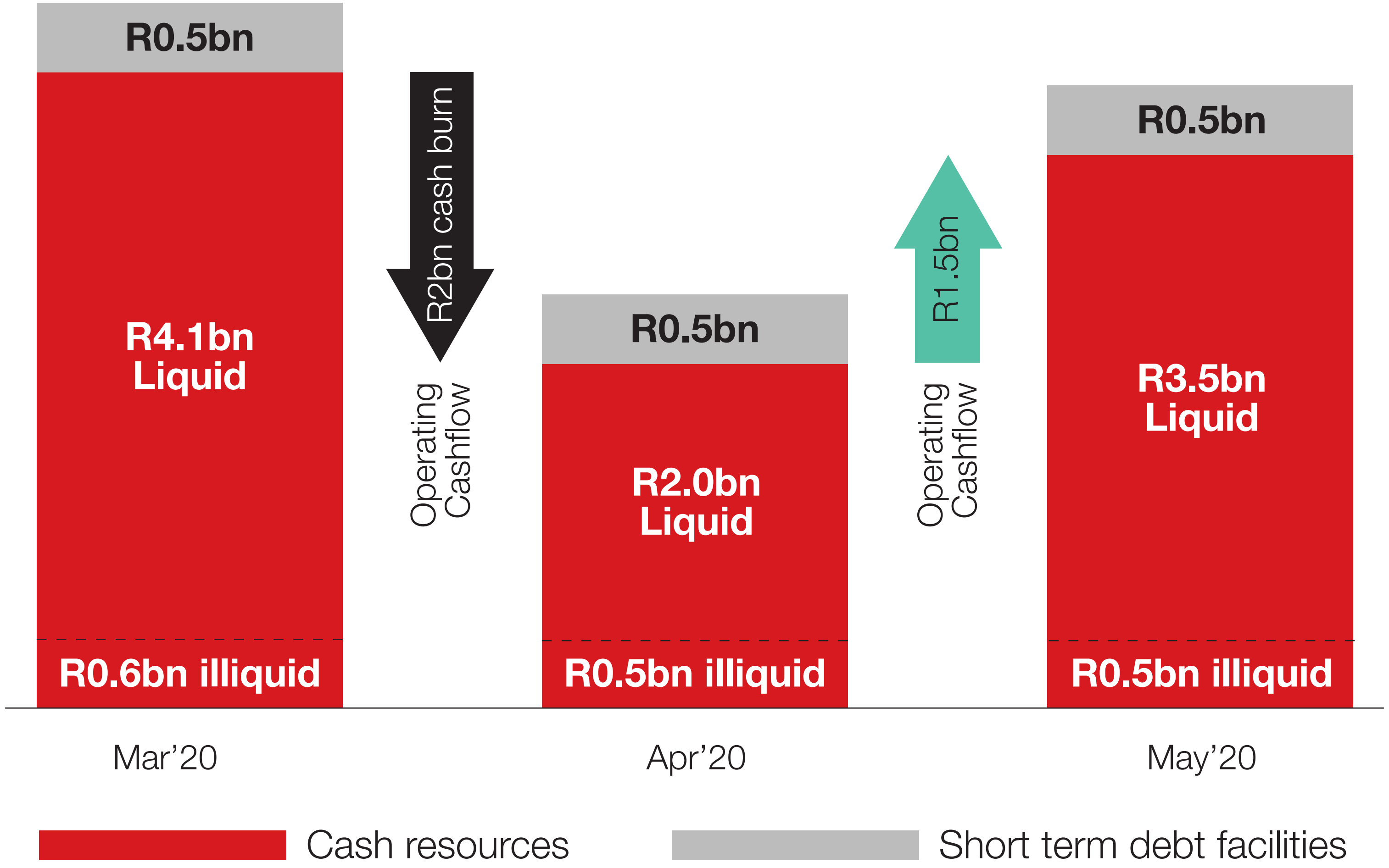
Combined retail sales growth:

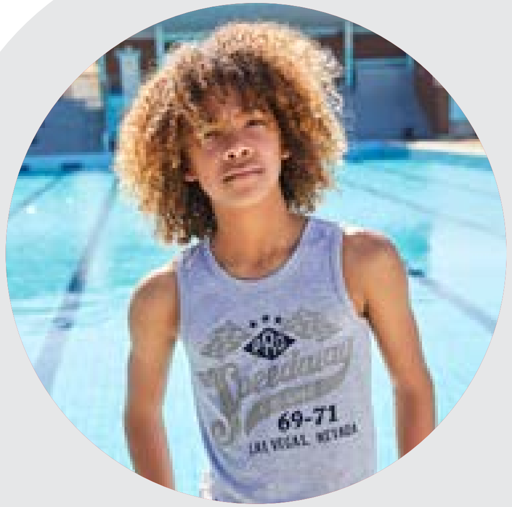
- 1 May to 20 June +12.0%
- 1 April to 20 June -31.2%

KEY TRADING INSIGHTS

- **Strong sales performance:**
  - Significantly de-risked inventory carry
  - Further alleviated supplier pressure as we bought into over performing categories
- **Trends have been disrupted (1 May-20 June):**
  - Transactions down 6.8%, average basket size up 16.7%
  - Consumers shifted to cash (+16.7%) vs credit (-9.4%). Cash contribution 86% vs 82% in PY
  - Debtors collections are lower than LY but improving trend
- **Diversified store footprint an advantage:**
  - Consumers prefer convenient locations
  - Significant growth in micro, small, medium & stand alone kids stores
  - Super regional centres lagged smaller formats but trading hours are 20% lower
- Constrained consumers are seeking value. Changes to width/depth & price architecture over the last year has achieved its objectives. Key focus on value going forward
- Forced shift to e-commerce, where our capabilities have been an advantage. Previous contribution to sales of ~1.5% significantly increased. Strong online growth of 90.1%

CASHFLOW VOLATILITY





CASH PRESERVATION INITIATIVES

- Plans to release 'illiquid' cash well progressed
- Reduced budgeted capex by 23% from R524m to ~R400m (Excludes re-branding & investment in stores which are currently being assessed)
- Suppliers:
  - Merchandise order book management
  - Planning introduction of supply chain finance
- Austerity activities/operating cost reductions (Refer pg 17)
- Increasing short term debt facilities to R1bn from Jul'20
- No final dividend declared - equates to ~R900m on a 63% payout ratio

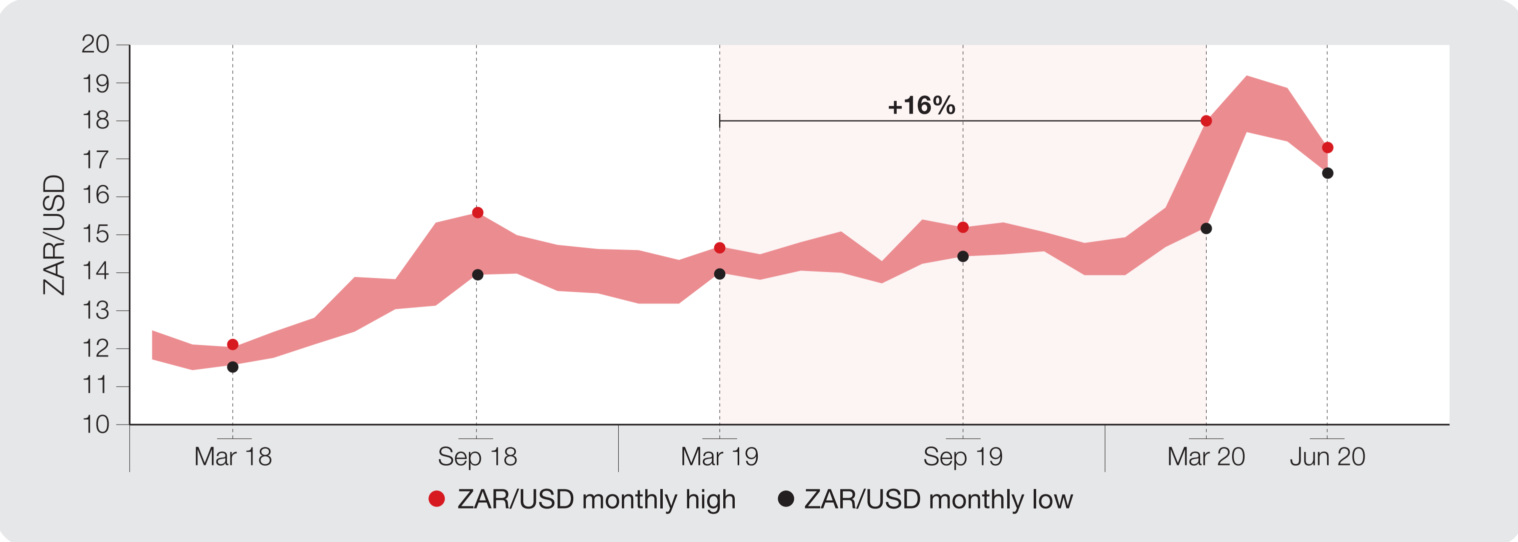
FUTURE UNCERTAINTY

POTENTIAL RISKS

- Current trade exceeding expectations, but is not expected to continue. Stats SA retail sales growth pre COVID-19 was poor (+3.8% in 2019-lowest growth level in last 5 years)
- SA infection rate on a steep upward trajectory. Virus peak expected Aug/Sep'20
- Temporary store or regional closures & operating disruption
- Elevated unemployment levels
- Pent up demand slows & consumer disposable income deteriorates
- Consumer 'relief' will shift to 'pressure':
  - Employee access to TERS to end in Jun'20. Possible spike in layoffs
  - Payment holidays will end
  - Additional government grant to end Oct'20
- Trading patterns may shift. Black Friday & festive trade, fewer school holidays for rest of year, lower bonuses & higher concentration around payday
- Uncertainty & volatility placing further demand on budgeting accuracy & supplier orders

OUTLOOK

- Fixed overheads & volatile sales environment will add pressure to operating margin
- Interest rates at 18 year low, inflation at ~4% will soften the blow but not save the day
- Gross margin & inflation under pressure:
  - Distressed competitors liquidating stock
  - Weak ZAR/$ exchange rate



- RSP inflation expected to be lower than ZAR depreciation
  - Fx cover, available factory capacity (lower $ pricing), potential for stock buys
  - Maintaining of key prices points & focus on value
- Planning for double digit reduction in inventory levels by Sep'20

STRONG FUNDAMENTALS

Amidst the gloomy consumer outlook, we have a clear growth plan which we are able to execute from a position of strength

	Return on Equity	Return on Assets	Debt/equity
mrpg	35.3%	21.5%	1.4%
JSE Top 40	12.3%	5.3%	64.6%
Competitors	10.3%	6.1%	76.0%

Performance & returns

HEPS growth

- 20.0% — 34 year CAGR, mrpg
- *8.8% — 5 year CAGR, mrpg
- *1.3% — 5 year CAGR, Competitors

Total shareholder return

- 15.3% — 10 year CAGR, mrpg

*FY2019 for comparable purposes

Balance sheet
HOW WE COMPARE

	mrpg	Competitors
Current ratio	3.9	2.1
Quick ratio	2.7	1.3
Inventory turn	5.0	4.1

Source: Refinitive Eikon last 12 months.
Competitors: Average of WHL, TFG, TRU

COMPETITIVE EDGE

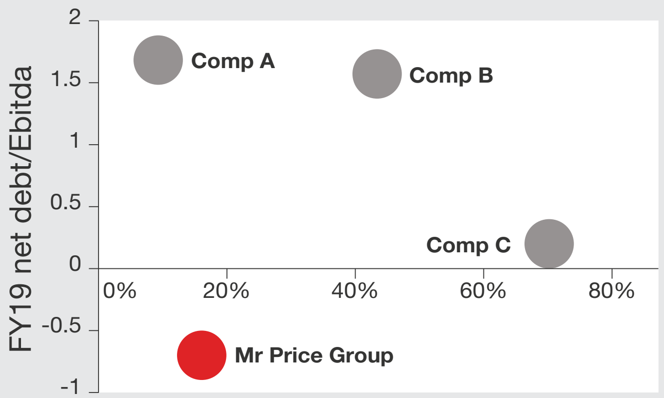
Fashion
Wanted items at "everyday low prices"

Value
Lower markups & higher volumes, price & appropriate quality

Cash
Cash driven retailer with cash sales > 80% of total sales

Positioned for growth

No debt, high cash contribution

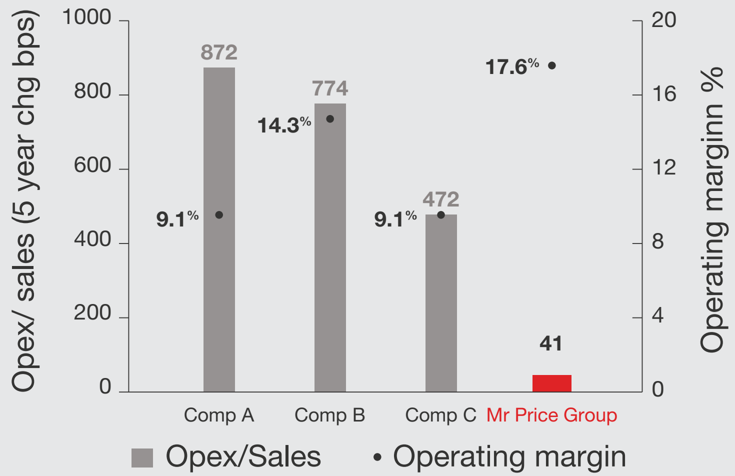


FY19 store-credit as % of sales

- Mr Price Group is ungeared & has a low proportion of store credit sales, providing a platform for growth

Low cost model

Continued strong operating leverage (2014 - 2019)



- MRPG operating expense to sales ratio has been flat, rest of the sectors growing overheads

Source: JP Morgan, Bank of America Merrill Lynch FY19

Income statement

HOW WE COMPARE

5 year sales growth CAGR

6.5% mrpg
14.1% Competitors

5 year opex CAGR

6.8% mrpg
19.3% Competitors

5 year avg. total expenses as a % of sales

28.1% mrpg
36.1% Competitors

Competitors : Average of WHL, TFG, TRU

E-COMMERCE: FIRST IN SOUTH AFRICA

> "...best online clothing retailer in SA by far"
>
> **Chris Gilmour**
>
> Independent Investment Analyst
> Times Live 21 June 2020

MRP.com launched — 2012

First listed fashion retailer to offer online shopping, delivering anywhere in SA

MRP mobile fashion app launched — 2013

First listed omnichannel fashion retailer to offer online shopping through an app

Dual fulfilment — 2014

Order routing system built to check all stores inventory before directing to central warehouse

Paperless transactions/ digital dockets — 2016

Electronic receipts drive bricks customers to online platforms through targeted marketing

MRP App adds Home & Sport — 2017

All 3 'red cap' divisions available to browse & purchase in one app

Click + Collect lockers — 2012 2018

Offer self-service, hassle-free collection of online orders within a safe store environment

Visual search — 2019

First omnichannel fashion retailer to launch. Match any image or photo to Mr Price products

Scan to Pay — 2020

Launched contactless, safe, mobile wallet allowing customers to pay within our own app

ECOMMERCE LEADERS

Click here for full video

Interview with Mr Price Apparel MD covering e-commerce. History, features, COVID-19 trends & more...

966k followers
Mr Price Apparel: No 1 fashion retailer in SA

>55 million
life time video views on Youtube

>2.2m followers
80% of Mr Price shoppers active on this channel

49 million visits
to divisional websites

Active **Mr Price Apparel** app users increased by **88%** & new users increased YOY by **85%**

~80% of all Mr Price Apparel sessions & online orders come through a mobile device

59% of Mr Price Apparel shoppers influenced by social media when deciding where to shop

ONLINE GROWTH FY20

Mr Price Apparel	+17.2%
Mr Price Sport	+32.8%
Mr Price Home	+16.7%
Total growth	+17.5%

ONLINE BASKET SIZE

exceeds store basket size **on average by 50%**

OMNI CHANNEL

Click + Collect: contributes >65% of all online orders

17% of customers purchase another item while collecting in store

43% of customers shop both online & instore

INNOVATION

- Features: Scan to pay, Visual search, Find in store
- Delivery:
  - Roll-out of store fulfillment to additional stores, shortening lead times
  - Integration with 3rd party, offering customers additional 2000 pick-up points
- Customer experience:
  - Whatsapp for business - improving customer service through ‘always on’ channel
  - Facebook store - customers can browse full range on Facebook

MAGENTO 2 RE-PLATFORM

- Enables a faster online shopping experience
- Increased capacity to meet growing demand- Miladys & Cellular to launch in July
- ~80% of transactions are performed on mobile devices. Adoption of Progressive Web App:
  - app like experience in traditional browser
  - lower data cost for customer
- Enhanced AI capabilities enable personalised shopping experience

BEST DEPLOYMENT OF HUMAN & FINANCIAL CAPITAL

PEOPLE

- Assessed over 100 senior associates to identify those with the highest potential
- Extensive skills internally, supplement externally if required
- Fully committed to homegrown talent & transformation. Management teams:
  - 71% of appointments since Jan'19 were internal
  - 62% of promotions & new recruits were ACI associates
  - 88% of external appointments were ACI associates
- Increased focus on frontline-customer trust is in the hands of our store associate
- Implementing new LTI schemes to aid partnership & retention & remove dilution concerns

FINANCIAL

- Focus on fewer but more impactful opportunities
- Removing distractions:
  - Exited Australia, Poland & Nigeria
  - Reviewing franchise operations, respectful of contractual rights
- Focus on RSA:
  - Historically excellent returns, understand market & customers, have clear competitive differentiation
  - Retail sales in SA >R1tn. MRPG ~10% share of ~R230bn apparel & homewares market
- Invest for the long term eg DC built for growth & future e-commerce fulfillment

BEST DEPLOYMENT OF HUMAN & FINANCIAL CAPITAL

PEOPLE + FINANCIAL CAPITAL

WANTED PRODUCTS ← **FOCUS ON CUSTOMERS** → **EXPERIENCE**

Wanted Products

- Obsession with our fashion-value positioning:
  - Differentiated product at exceptional value (price & quality)
- Excellent prices require protection against rising input margins. Significant long-term benefit
- Size curves to benefit majority of South Africans
- Appropriate level of quality & improved consistency of fit

Experience

- Omni-channel sales & delivery
- Diversified, high performing store footprint
- Brand health:
  - Re-investment into stores where shopping experience is ‘low’
  - Re-branding MRP back to Mr Price-34 years of trust, fashion & value built into it
- Multiple payment options
- Introduced lay-byes in 20 test stores in Mr Price Apparel

GROWTH

Identified several category extensions & new concepts, all within our core skills set. Some of which can be built organically eg Scarlett Hill & Cellular

Organic

Further strengthen supplier relationships

Constructively engage with landlords re rental values & structures

Historically have had good space discipline & have a growth mindset

Will favour landlords that share our vision

Partnership

Potential strategic acquisitions could accelerate growth

Retain existing, proven management teams where possible

Acquisitive

Extensive stakeholder engagement process

Special General Meeting 29 June 2020 (refer pg 51)

Equity raise

“Emerged from lockdown with our reputation enhanced & exceptional unity within the team, who fully lived out our values.

POSITIVE MOMENTUM TREND, WELL POSITIONED BUSINESS MODEL & A CLEAR GROWTH PLAN

Cautious about the future, but have agility to respond if conditions improve.”

Mark Blair, CEO

04

APPENDIX

Detailed supporting information

GROUP PERFORMANCE

Revenue

	FY19		FY20
	R22.6bn		R23.0bn
	+5.8%	Annual	+2.1%
	+7.8%	H1	+2.6%
	+4.1%	H2	+1.7%

EBITDA

	FY19		FY20
	R4.3bn		R5.6bn
	+6.0%	Annual	+29.5%
	+11.1%	H1	+32.2%
	+2.4%	H2	+26.3%

Profit after tax

	FY19		FY20
	R3.0bn		R2.7bn
	+7.2%	Annual	(9.8%)
	+12.3%	H1	(11.7%)
	+3.7%	H2	(8.4%)

Operating margin

	FY19		FY20
	17.7%		17.4%
	+0bps	Annual	-30bps
	+50bps	H1	-40bps
	-40bps	H2	-10bps

Total diluted HEPS

	FY19		FY20
	1 142.3c		1 029.4c
	+6.2%	Annual	(9.9%)
	+11.1%	H1	(9.6%)
	+2.9%	H2	(10.1%)

Dividend per share

	FY19		FY20
	736.2c		311.4c
	+6.2%	Annual	(57.7%)
	+11.6%	H1	+0.0%
	+2.6%	H2	(100%)

No FY2020 final dividend declared due to COVID-19 volatility & potential future disruptions

EARNINGS & DIVIDEND PER SHARE

	2020	2019	% Change Statutory	% Change Normalised
Profit attributable to shareholders (R'm)	2 704	2 982	(9.3%)	(7.2%)
W. Avg shares in issue (000)[1]	259 419	258 922		
Basic earnings per share	1 042.4c	1 151.6c	(9.5%)	(7.4%)
Addbacks (R'm)	12	44		
Headline earnings (R'm)	2 716	3 026		
Headline earnings per share	1 047.0c	1 168.6c	(10.4%)	(8.3%)
Shares for diluted earnings (000)[2]	263 866	264 883		
Diluted headline earnings per share[3]	1 029.4c	1 142.3c	(9.9%)	(7.8%)
Dividend per share[4]	311.4c	736.2c	(57.7%)	

- [1]Movement relates to LTI schemes' shares vesting. Shares previously held by trusts now back in the market
- [2]Lower dilution impact than PY. Decrease in w.avg share options outstanding of 25.4% due to w.avg share price 24.2% lower
- [3]Materially impacted by COVID-19 & additional provision taken for debtors book, stock & IBNR
- [4]Final dividend withheld to preserve cash due to uncertainty & future potential disruptions

REVENUE

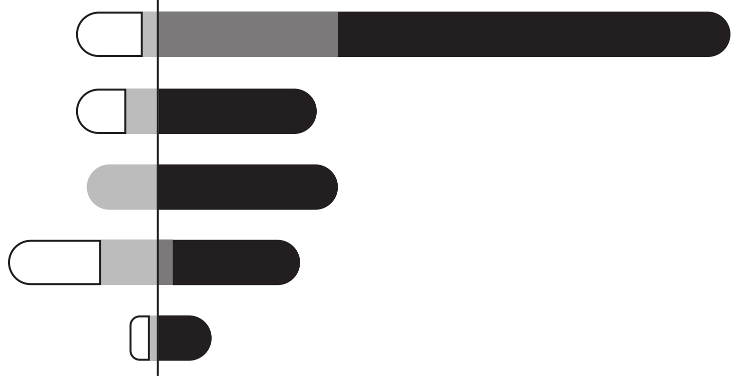
R'M	2020	2019	% Change	
			Annual	H2
*Retail sales[1]	21 165	20 850	1.5%	1.3%
Total other income	1 608	1 484	8.3%	6.7%
Financial services & cellular (pg 49)[2]	1 554	1 438	8.1%	6.2%
Other	54	46	16.4%	22.7%
Total retail sales, interest[3] & other income	22 773	22 334	2.0%	1.7%
Finance income[4]	257	224	14.5%	0.5%
Total revenue	23 030	22 558	2.1%	1.7%

- [1]Refer pg 9 for detailed retail sales analysis
- [1]Excl last two weeks of Mar '20, all divisions grew unit sales in H2. Group unit sales up 2.5% in this period
- [2]Cellular growth slowed in H2 due to FY19 store roll-out in H2 base
- [3]Interest income on accounts receivable impacted by repo rate cuts of 150bps & lower H1 credit sales
- [4]Lower bank interest income growth in H2 due to H1 performance, FY20 interim dividend maintained & repo rate cuts

*Excludes cellular

SPACE GROWTH

SPACE MOVEMENTS (m^2)



	w.avg net growth
Mr Price Apparel	3.9%
Miladys	1.5%
Mr Price Sport	2.5%
Mr Price Home	(1.2%)
Sheet Street	0.6%

Total space growth

	Closures	Reductions	Expansions	New Stores	Net growth
w.avg	(0.6%)	(0.4%)	0.4%	2.8%	2.2%
closing	(0.9%)	(0.7%)	0.7%	3.4%	2.5%

STORE MOVEMENTS

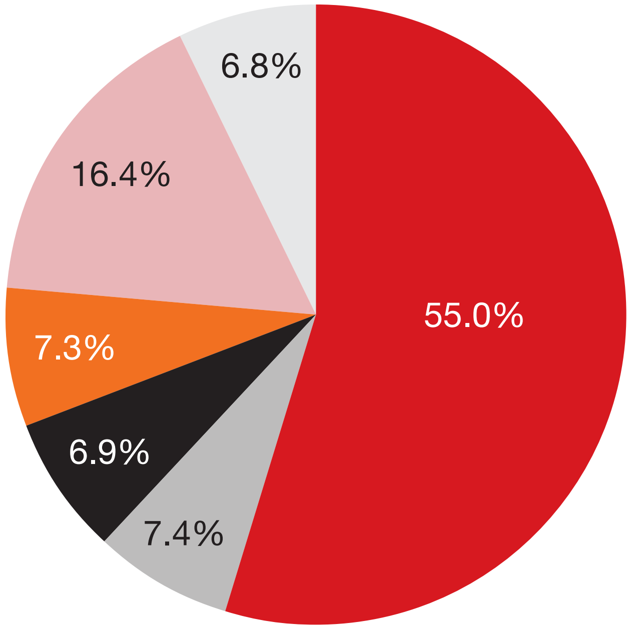
	Closures	Reductions	Expansions	New Stores
Mr Price Apparel	3	4	14	23
Miladys	3	9	1	21
Mr Price Sport		5		12
Mr Price Home	7	5	1	5
Sheet Street	3	5		10

Total store movements

	Closures	Reductions	Expansions	New Stores	Net growth
Stores	16	28	16	71	4.2%

SEGMENT PERFORMANCE

*RSOI Contribution



RSOI Growth

Apparel

Mr Price Apparel (0.3%)

Mr Price Sport +8.7%

Miladys +6.3%

Home

Mr Price Home +1.9%

Sheet Street +3.5%

FS & Cellular

Mr Price Money +8.1%

Segment

	H1	H2
Apparel		
RSOI	+1.0%	+1.5%
Operating profit	(13.6%)	+2.5%
Operating margin	14.6%	17.0%
Home		
RSOI	+4.1%	+0.9%
Operating profit	+17.8%	+5.9%
Operating margin	16.7%	18.5%
FS & Cellular		
RSOI	+10.3%	+6.2%
Operating profit	+20.7%	(9.4%)
Operating margin	34.0%	28.5%

*Retail sales & other income

APPAREL SEGMENT

	Mr Price Apparel			Miladys			Mr Price Sport		
	2020	2019	% Change	2020	2019	% Change	2020	2019	% Change
Retail sales[1]	R12 499m	R12 525m	(0.2%)	R1 550m	R1 462m	6.1%	R1 679m	R1 544m	8.7%
Comparable sales growth	(3.3%)	0.1%		1.4%	3.1%		4.6%	6.4%	
Unit sales	148m	147m	0.6%	7.6m	7.3m	3.6%	13.9m	13.4m	3.9%
RSP inflation[2]	(0.8%)	5.1%		2.6%	1.3%		4.8%	5.0%	
Weighted avg. space growth	3.9%	3.4%		1.5%	(1.1%)		2.5%	0.6%	
Sales density	R37 550m^{-2}	R39 092m^{-2}	(3.9%)	R25 351m^{-2}	R24 265m^{-2}	4.5%	R25 516m^{-2}	R24 047m^{-2}	6.1%

- **Mr Price Apparel:** H2 (+0.6%) sales growth higher than H1 (-1.2%). Excl last two weeks of Mar’20, H2 sales grew +2.9% & annual sales +0.9%. Internal initiatives delivered an improved merchandise assortment. Q4 materially affected by Jan/Feb rolling blackouts & COVID-19. Improved inventory enabled lower markdowns in H2. GP margin % increased in H2 excl Mar’20
- **Miladys:** H2 (+4.2%) sales growth lower than H1 (+8.1%). Excl last 2 weeks of Mar ‘20, H2 & annual sales grew +8.1%. Jan/Feb combined grew 9.2% with GP margin % gains, highlighting the material impact of the last two weeks of March on H2. Gained market share in 10 months & gained GP margin up until Mar’20
- **Mr Price Sport:** Strong performance against a firm base (+9.7%). H2 sales (+5.9%) lower than H1 (+12.2%) but excl last two weeks of Mar’20 saw H2 up +9.0%. Strong sales density growth off increased footprint. Annual double digit operating profit achieved

[1]Excludes franchise & VAT | [2]Includes VAT | [3]Market per RLC

HOME SEGMENT

	Mr Price Home			Sheet Street		
	2020	2019	% Change	2020	2019	% Change
Retail sales[1]	R3 739m	R3 684m	1.5%	R1 666m	R1 610m	3.5%
Comparable sales growth	0.3%	4.5%		1.7%	1.6%	
Unit sales	33.1m	34.0m	(2.7%)	17.7m	18.1m	(2.5%)
RSP inflation[2]	4.2%	6.6%		6.2%	2.1%	
Weighted average space growth	(1.1%)	(1.9%)		0.6%	1.8%	
Trading density	R28 908m^{-2}	R28 196m^{-2}	2.5%	R32 007m^{-2}	R31 120m^{-2}	2.9%

- **Mr Price Home:** Up against a solid base of 7.2% in a tough environment for discretionary categories. H2 sales growth flat on last year (H1 +3.2%). H1 (+7.6%) inflation was significantly higher than H2 (+1.4%), resulting in improved unit growth. This is early evidence of the strategic brand re-positioning working. H2 sales significantly impacted by Rugby World Cup & COVID-19. Excl Oct '19 & last two weeks of Mar'20, sales grew 3.4%
- **Sheet Street:** Positive H1 (+5.0%) performance. Sales growth slowed in H2 (+2.3%). Excl last two weeks of Mar'20, H2 growth of 3.6% was achieved. High H1 (+11.0%) inflation but significantly lower in H2 (+2.4%), resulting in improved unit growth. Gained more market share in H2 despite lower growth level, highlighting the consumer constraint in the homeware sector. Annual gross profit margin % gains achieved

[1]Excludes franchise & VAT [2]Includes VAT [3]Market share data per RLC

mr price money

R'M	2020	2019	% Change	
			Annual	H2
Cellular & mobile	780	677	15.1%	9.1%
Financial services	774	760	1.8%	1.7%
Total revenue	1 554	1 438	8.1%	5.4%

Mr Price Money

Cellular & mobile

- Cellular - Growth driven by instore (handsets & accessories). 46 new stores, totalling 262 across the Group
  - Majority of new stores rolled out in H1. Higher number of stores becoming comparable in H2, slowing top line growth rate
  - Mr Price Cellular gained market share in Q4 & annually according to GFK data
  - Double digit comp growth continues to attract support from mobile networks. Strong double digit operating profit growth
- Mobile - Strategic move away from postpaid to sim-only beginning to bear fruit. Improved H2 performance which should continue into FY21 with focus on higher GP margin products

Financial services

- Insurance - Revenue down 4.7%. Sales agent headcount challenges continued in H2
  - Economic environment: retrenchments up, higher policy cancellations due to afford-ability, claims ratio below industry
- Credit - Interest & Fees revenue grew 5.6%
  - Significantly impacted by repo rate cuts (150bps) & lower H1 credit sales

NON RSA SALES

TOTAL % OF GROUP SALES

7.8% FY19: 8.1%

NO. OF STORES

133 Corporate owned stores: 124

SALES GROWTH (ZAR)

(2.2%) FY19: +12.1%

	Contribution	Growth
Namibia	33.0%	(3.6%)
Botswana	24.3%	+8.0%
Kenya	10.1%	+13.8%
Swaziland	8.6%	+0.0%
Zambia	7.3%	(9.9%)
Ghana	5.3%	+7.2%
Nigeria	4.0%	(26.6%)
Lesotho	4.8%	+4.4%
Africa	97.5%	0.1%
Australia*	0.2%	
Poland*	0.2%	
Online	0.1%	
Rest of world	0.4%	(78.8%)
Franchise	2.2%	(31.4%)
Total	**100.0%**	**(2.2%)**

*Discontinued operations

BACK TO OUR ROOTS

Millions of South Africans have grown up with us. We are woven into their stories, their memories, their lives.

We're going back to our roots, the foundations on which our brand was built.

We are ordinary people doing extraordinary things every day. We've built this brand together.

It's the promise of passion, added value and partnership that's at the heart of our business!

Mr Price, a brand like no other. The real 'people's value champion.'

We are proudly putting the 'price' back into mr price.

WE ARE PROUDLY mr price

EQUITY RAISE

Historical debt free balance sheet strength enables our position to consider growth & not just survival

- Aimed to be first to market in a likely limited & decreasing pool of funds & have flexibility
- Historical debt free balance sheet strength enables our position to consider growth & not just survival
- Current cash position provides support for existing business operations and for future potential disruptions. Cash burn in April highlights volatility & requirement of reserves should this re-occur
- Considered funding alternatives. Most volatile macro environment in group's history. Not prudent to take on significant debt now. Equity may not be as expensive as perceived, based on deteriorating earnings across sectors
- To be utilised for organic growth opportunities & acquisitions
- No intention to sit on cash. Opportunities currently being assessed & will emerge out of a market distress
- Acquisition target criteria:

  - within South Africa with a strong existing management team, do not want a 'fix up'
  - no large, single acquisition. Likely to be several smaller opportunities with significant growth prospects
  - earnings accretive in short term
  - remain within the range of our existing capabilities

- Balance sheet prudently manged historically. Declining target valuations create opportunities to pursue deals that create long-term value
- Deals done in weak economies are supported by lower valuations & the acquirer can focus on integrating the target during the downturn-and then fully benefit from synergies in the recovery

ACCOUNTING STANDARD CHANGES

2020 Financial Period

IFRS 16 Leases
Summary of financial impact

- Leases affected materially by new standard predominantly related to stores
- IFRS 16 requires a lessee to recognise:
  - a right of use asset (ROUA) representing its right to use the underlying asset
  - a lease liability representing its obligation to make lease payments
- Modified retrospective method applied: no restatement of comparatives
- Both methods record the same expense over the full period of the lease
- IFRS 16 results in a higher expense in the earlier years of a lease & a lower expense in the later years compared to IAS 17
- ~46% of our leases are in the first two years of their lease, with ~50% in the first three years
- Right of use assets of R4 059m & lease liabilities of R4 604m were recognised at take on, with equity decreasing by R232m after derecognition of straight line provision
- Depreciation of R1 253m & interest on lease liability of R453m were recognised in FY20
- Impact in standard change on FY20 income statement is a higher charge of R88m before tax & R63m after tax

Key ratios impacted

▲ **Positive:**
- EBITDA margin
- operating margin
- operating cash flows

▼ **Negative:**
- debt to equity
- interest cover
- ROA/ROCE/ROE
- current & quick
- NAV per share

mr pricegrouplimited