Mr Price Group

ANNUAL RESULTS MARCH 2012

JSE share code: MPC

2012 GROUP HIGHLIGHTS

RETAIL SALES

R11.8bn

10.2%⅄
12.9%*

OPERATING PROFIT

R1.7bn

21.8%⅄
26.5%*

OPERATING MARGIN

14.8%

1.4%

HEADLINE EARNINGS PER SHARE

503.0c

20.1%⅄
24.7%*

DIVIDENDS PER SHARE

314.0c

24.6%

RETURN ON EQUITY

47.2%

1.2%

Note ⅄ : Growth on the reported 2011 53 trading week base *: Growth on a comparable 52 week base

IT'S NOT ALL ABOUT THE NUMBERS

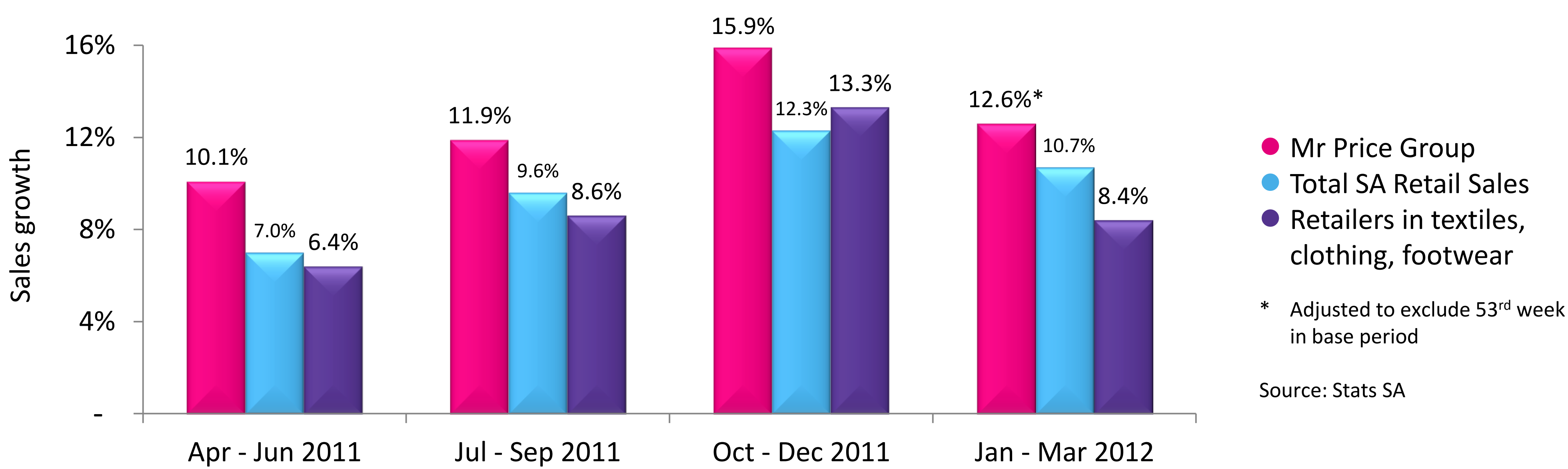
- Successful international roadshow Nov 2011. Offshore shareholding now at 36%
- Included in MSCI emerging markets index from May 2012
- Independent internal audit quality review - MPC maintained highest rating possible, only company in RSA. Part of elite group globally
- Certified as one of the BEST Employers™ South Africa (independent research CRF Institute)
- Awarded three medals at SA Graduate Recruitment Association Awards 2011 – Excellence in Graduate recruitment
- RedCap Foundation awarded R18m grant from Development Bank of South Africa for JumpStart programme
- Impact of sustained performance is being widely felt:
  - MPC employs almost 18 000 associates
  - e-learning enabled the training of 28 000 individual courses
  - Share price growth and dividends making a difference to the lives of our associates and their extended families
  - In last financial year MPC paid in excess of R1bn to the fiscus in all forms of taxation

OVERVIEW OF THE RETAIL ENVIRONMENT

- **Consumer confidence** levels still net positive at +5 index points
  - Financial position of households over next 12 months high at +16
  - Expect improvement in economy over next 12 months, however
  - Not appropriate time to buy durable goods
- **Business confidence** jumped 14 points to net positive level of 52
  - Improvement in all surveyed sectors, retail up 5 points to 61
- **GDP growth** at 3.2% (q/q) - increase for 2 consecutive quarters
- **CPI** dropped from 12 month peak of 6.3% in Jan to 6.0% in Mar
- Number of people employed in Q1 2012 up 304 000 from Q1 2011. However, unemployment increased from 25.0% to 25.2%
- Lower real **wage increases**, fuel and utility charges remain a threat to consumer spending
- Low **interest rate** environment - cycle to change this year?
- High demand for **credit** in RSA, particularly in 2nd half of FY 2012

RETAIL SALES GROWTH

- Growth in total retail sales in RSA for 6 months to 31 Mar has been favourably impacted by the performance of general dealers and retailers of food and beverages (double digit growth)
- Retailers of textiles, clothing, footwear and leather goods had a positive quarter to 31 Dec, but growth thereafter was lower. Jan: 3.6%, Feb: 7.0% and Mar: 15.3%
- However, MPC has outperformed the market in all 4 quarters



* Adjusted to exclude 53rd week in base period

Source: Stats SA

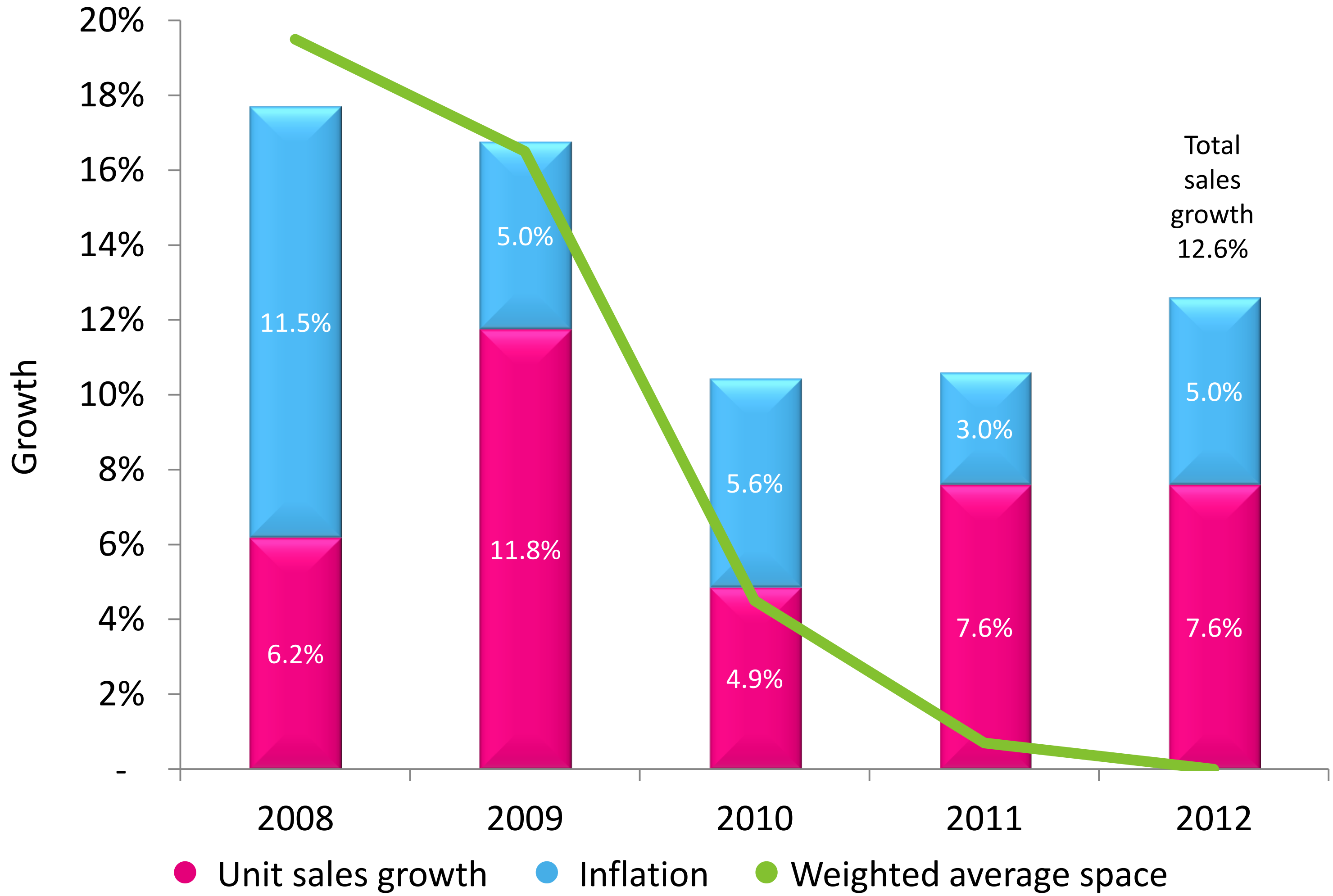
GROUP PERFORMANCE

		2012	2011*	Growth
Retail sales		R11.7 bn	R10.3 bn	12.9 %
Comparable sales	- year			10.3 %*
	- 1st half			9.5 %
	- 2nd half			11.0 %*
Unit sales		193 m	179 m	7.6 %
RSP inflation				5.0 %
Weighted average space growth				0.0 %
Trading density		R22 979 m^{-2}	R20 350 m^{-2}	12.9 %
Operating margin		14.8 %	13.4 %	

	Stores	Space
Openings	46	23 687
Closures	(21)	(10 497)
Expansions		10 464
Reductions		(6 788)
End of period	962	607 397

* Adjusted to reflect a comparable base of 52 weeks or 26 weeks where applicable (excludes Franchise)

SALES ANALYSIS 2012



- Market share gains in 2nd half in 3 of 4 chains included in RLC, maintained in other
- Higher credit demand
- 69m sales transactions and 193m units sold
- Increased basket size:

Cash	R186	+7.2%
Credit	R303	+13.1%
Total	**R200**	**+8.9%**

Note: excludes international sales and imputed interest adjustment on Miladys interest free debtors

2012 GROUP INCOME STATEMENT

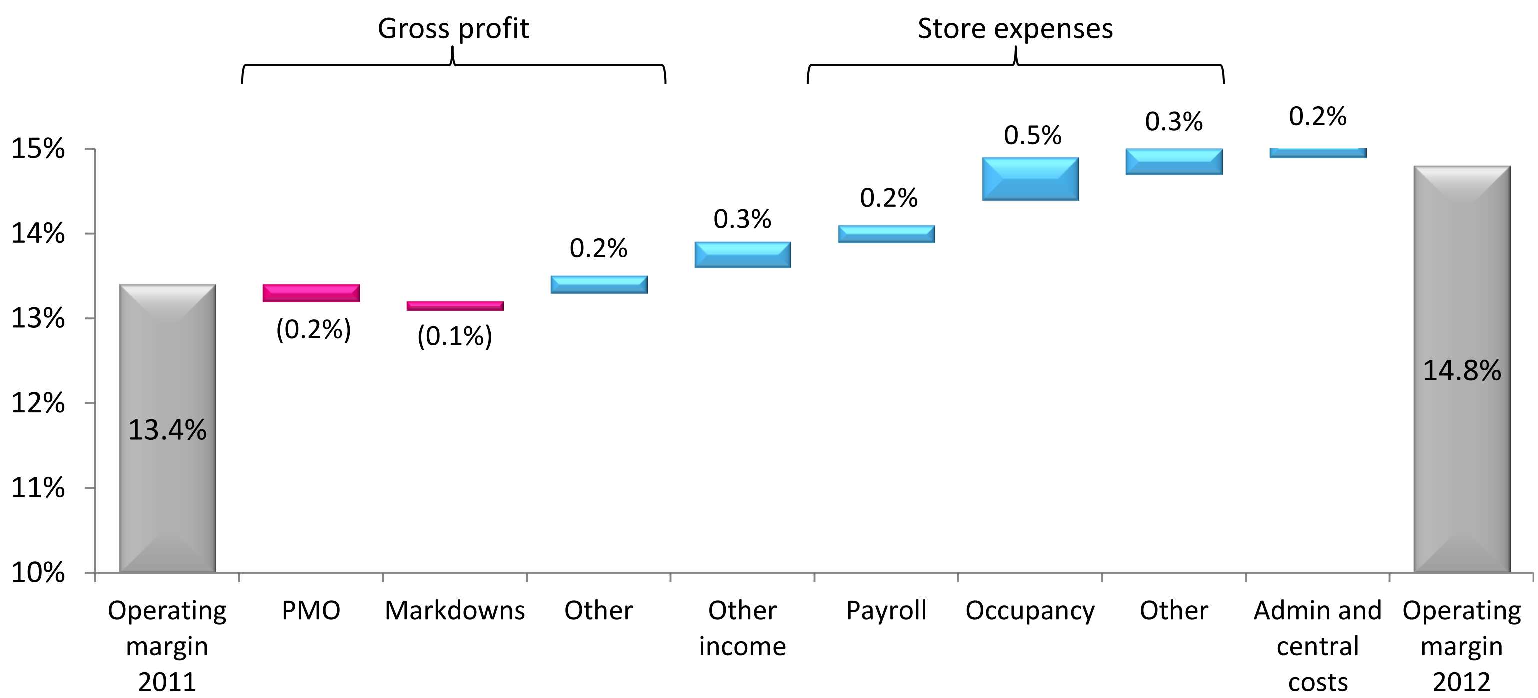
R'm	2012	% to sales	2011	% to sales	Growth
Retail sales	11 767		10 673		10.2 %
Cost of sales	6 843		6 202		10.3 %
Gross profit	4 924	41.8%	4 471	41.9%	10.1 %
Other income	296		240		23.3 %
Selling expenses	2 645	22.5%	2 505	23.5%	5.6 %
Administrative expenses	833	7.1%	777	7.3%	7.2 %
Profit from operating activities	**1 742**	14.8%	**1 429**	13.4%	**21.8 %**
Net finance income	44		55		(18.8 %)
Profit before taxation	1 786		1 484		20.3 %
Taxation	569		474		20.1 %
Profit attributable to shareholders	1 217		1 010		20.5 %
EBITDA	1 932	16.4%	1 625	15.2%	18.9 %

Note: 52/53 weeks as reported

SALES AND OPERATING PROFIT GROWTH

	1st half 26 weeks	2nd half 26 weeks	Full year 52 weeks
Sales			
Apparel	11.1%	15.4%	13.4%
Home	9.7%	11.2%	10.5%
Total	**10.7%**	**14.2%**	**12.6%**
Operating profit			
Apparel	21.1%	22.1%	21.7%
Home	57.3%	40.0%	45.6%
Total	**27.4%**	**25.9%**	**26.5%**

OPERATING MARGIN IMPROVEMENT



% of sales	2012	2011
Depreciation	1.4%	1.6%
Employment costs	11.9%	11.9%
Occupancy costs	7.5%	8.0%
Total expenses	29.6%	30.7%

EARNINGS PER SHARE

	2012	2011	Growth
53 weeks			
Basic earnings per share	500.9 c	412.3 c	21.5 %
Headline earnings per share	503.0 c	418.9 c	20.1 %
52 weeks			
Basic earnings per share	500.9 c	396.7	26.3 %
Headline earnings per share	503.0 c	403.3	24.7 %

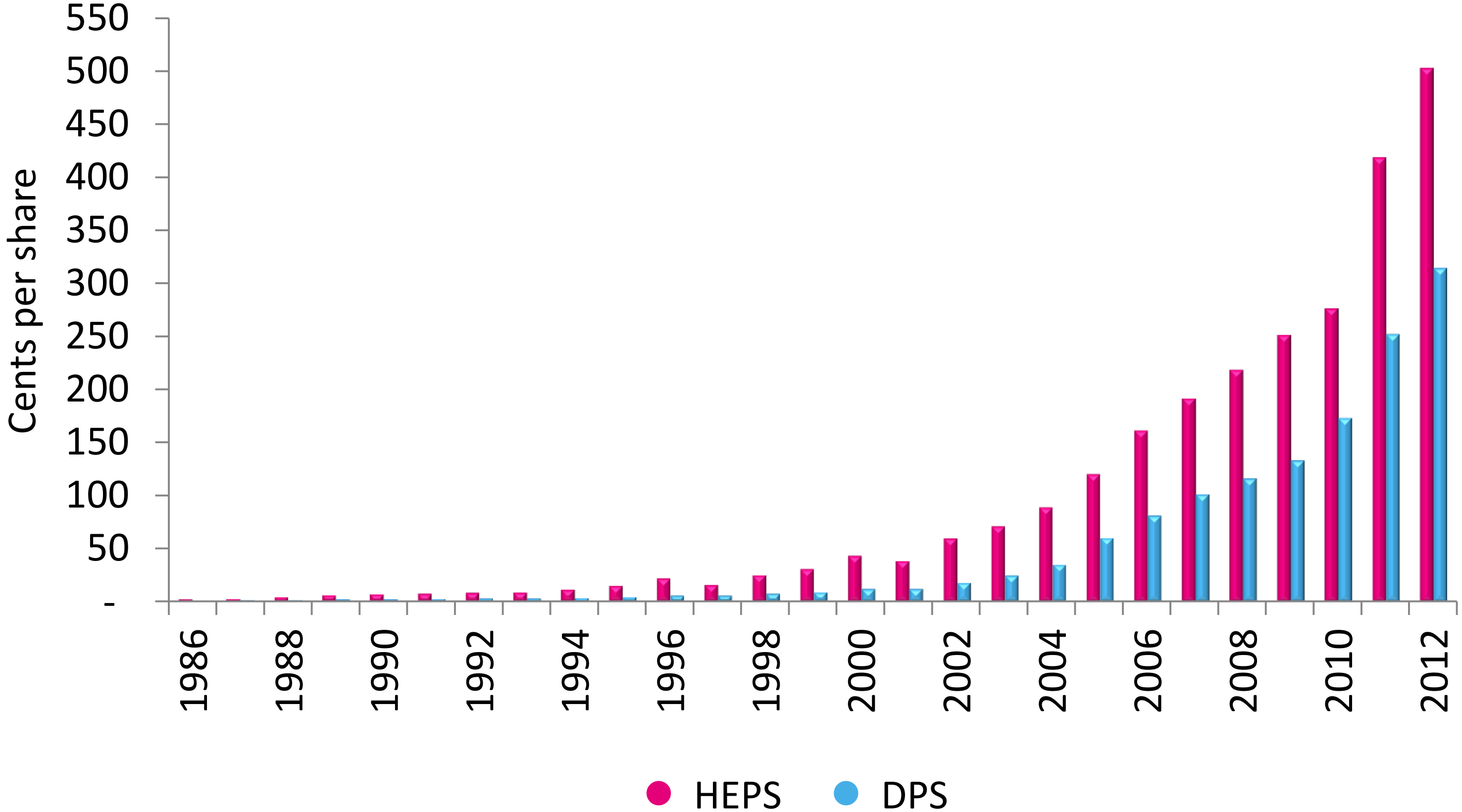
- Fully diluted HEPS 464.5c
- Voluntary trading update issued on 02 May 2012 - growth expected to be 18%-23%
- Impact of 53rd week 2011 - 15.6c (3.9% of HEPS)

DIVIDENDS PER SHARE

Final dividend	**220.4c**	**+26%**
Annual dividend	**314.0c**	**+25%**

- Dividend cover retained at 1.6 times (payout ratio 62.5%)
- In the past 26 years dividends per share have never decreased
- Secondary tax on companies replaced by dividends tax, there will no longer be an income statement charge
  (FY 2012 R64.5m or 3.6% of PBT)

PERFORMANCE RECORD



CAGR	5 year	10 year	26 year
HEPS	21.3%	23.8%	23.4%
DPS	25.5%	33.1%	25.3%

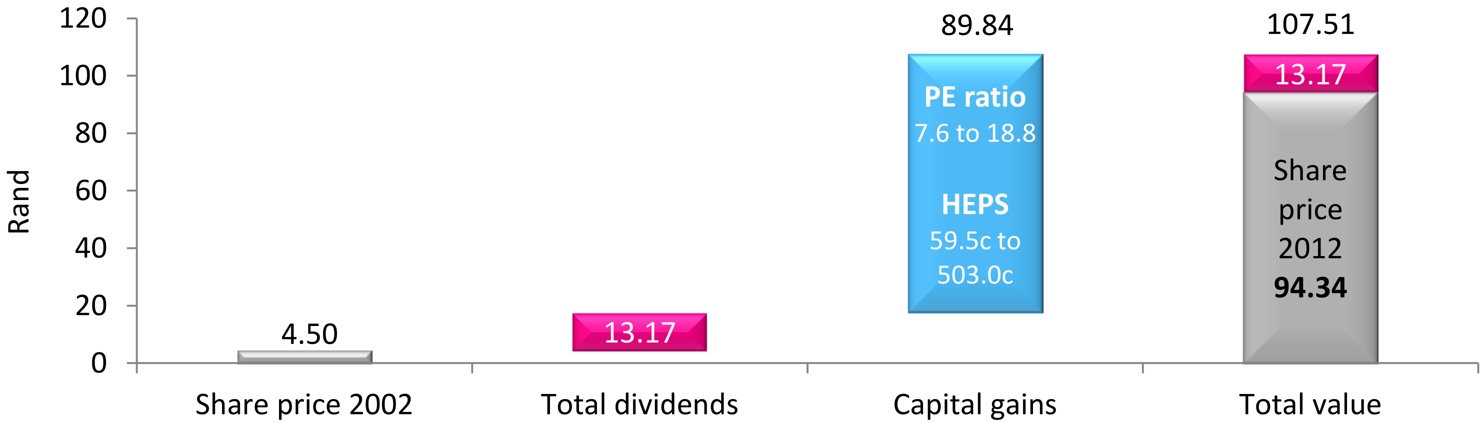
INCREASE IN RETURNS 10 YEARS

DRIVERS OF MPC EARNINGS GROWTH

	Rand growth	Change in % of sales
Retail sales	R9 041 m	
Cost and expenses	R7 502 m	7.6 %
Cost of sales	R4 944 m	6.1 %
Selling expenses	R1 919 m	2.1 %
Administrative expenses	R639 m	(0.6 %)
Profit from operating activities	R1 539 m	8.0 %
Finance costs/income	R54 m	0.7 %
Profit after finance interest	R1 593 m	8.7 %
Taxation	R515 m	(3.0 %)
Profit attributable to shareholders	R1 078 m	5.7 %

Operating margin has increased from 6.8% to 14.8%

TOTAL SHAREHOLDER RETURNS - TSR



TSR CAGR of 37.3%

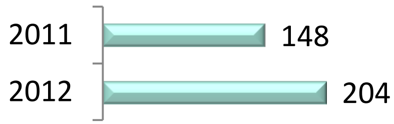
Shareholders received 3 times original investment in dividends and 20 times in capital growth

FINANCIAL POSITION

R'm		2012	2011
Non-current assets			
Property, plant and equipment		539	460
Intangible and other assets		204	148
Current assets			
Inventories		1 168	954
Trade and other receivables		1 183	931
Cash and cash equivalents		1 201	1 368
		4 295	3 861
Equity attributable to shareholders		2 780	2 394
Non-current liabilities		194	179
Current liabilities		1 321	1 288
		4 295	3 861
Return on :	Net worth	43.8%	42.2%
	Average shareholders equity	47.2%	46.0%
	Operating assets	67.2%	63.8%

FINANCIAL POSITION

Intangible assets (R'm)



↑ 37.8%

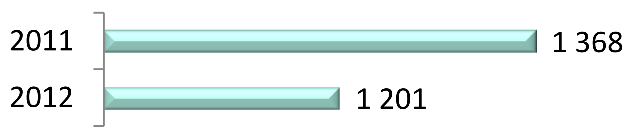
- E-commerce system
- E-learning training modules
- IT software licenses

Inventories

↑ 22.5%

- Inventory growth in Home chains lower than sales growth
- Growth mainly off a low base in Mr Price Apparel
- Stocking up for Easter, school holidays and new stores
- Improved supplier delivery performance

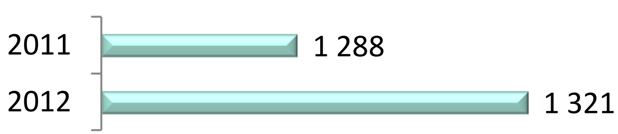
Cash and cash equivalents



↓ 12.3%

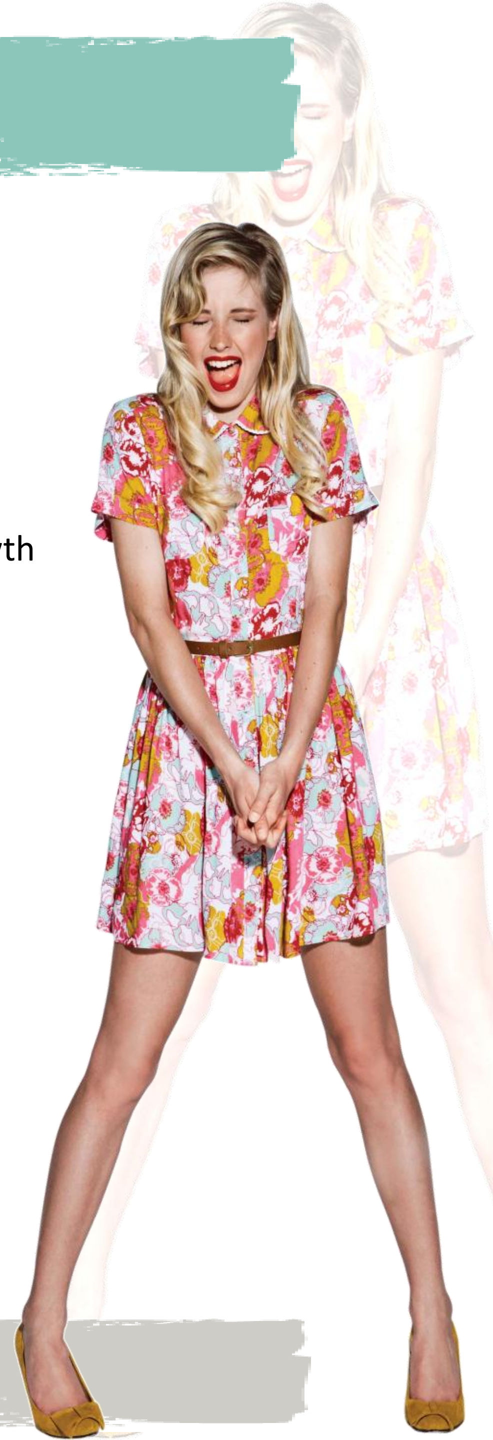
- Higher investment in capex – R155.2m up on LY
- Dividends paid R158m up on LY
- Share purchases of R260m for share incentive schemes
- Higher working capital (stock and debtors)

Current liabilities



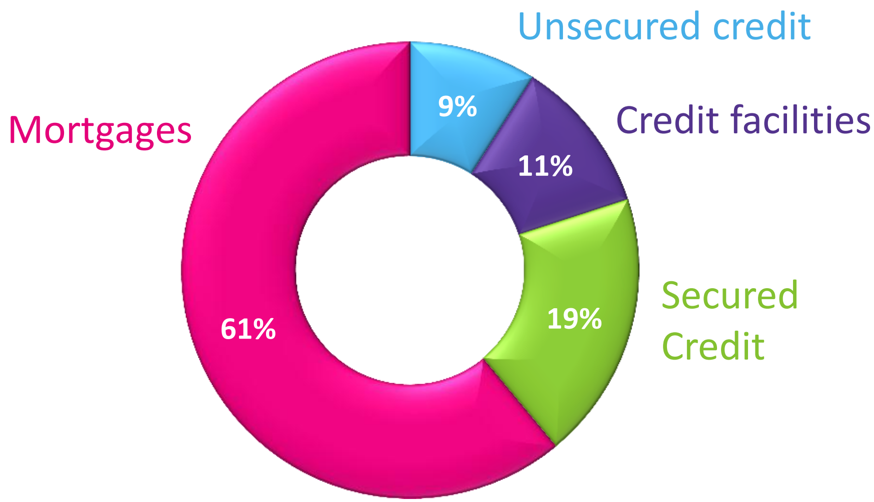
↑ 2.6%

- Affected by the shift in year end from 02 Apr 2011 to 31 Mar 2012



TRADE RECEIVABLES

Split of credit types in RSA



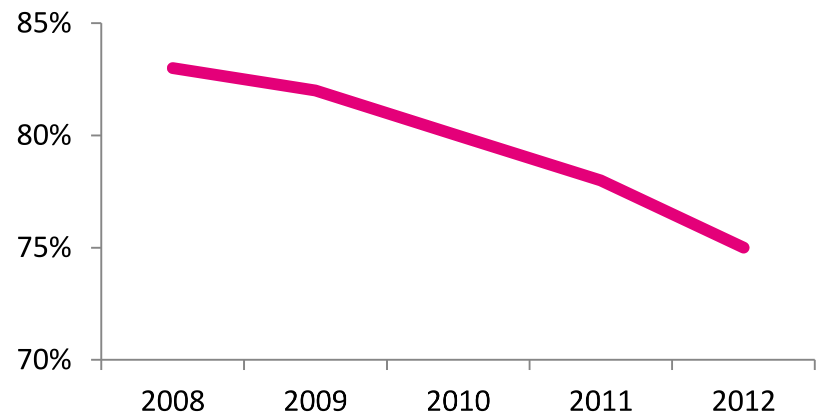
- Retailers only constitute 3.3% of total consumer credit in RSA
- Gross debtors book up 9% y/y - mortgages 4.0%, secured 12.8%, unsecured 53.1%

Source: National Credit Regulator

Ageing profiles important for overall evaluation:

% balances current	Mortgages	Secured	Unsecured
Q4 2011	88.0	90.1	78.7
Q4 2010	85.9	87.6	76.9
Q4 2008	84.8	86.4	74.8

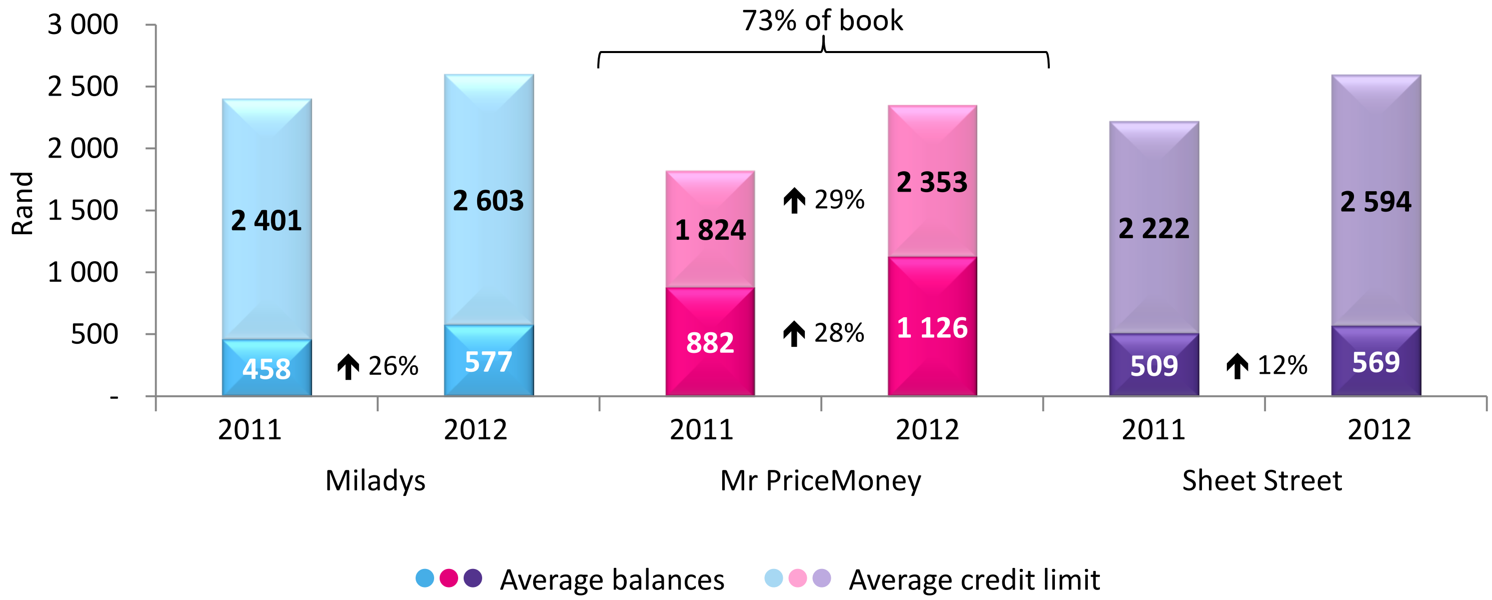
Ratio of household debt to disposable income



Source: BER

TRADE RECEIVABLES

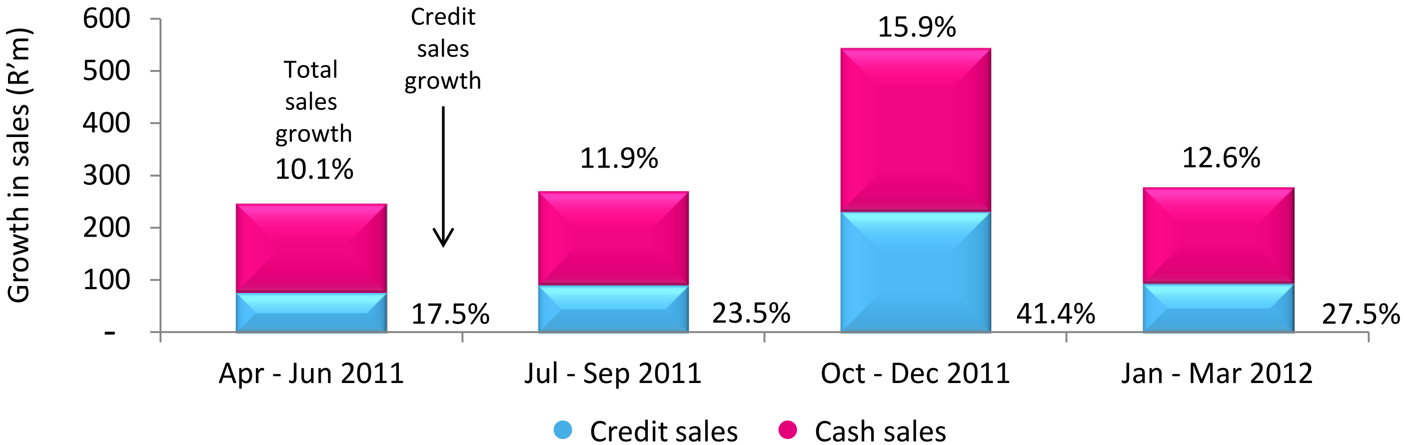
	2012	2011	Growth
Gross trade receivables	R1 208 m	R820 m	47.3 %
Number of active accounts	1 187 k	1 034 k	14.7 %
Credit sales	R2.2 bn	R1.7 bn	26.2 %
Credit sales contribution	18.6 %	16.2 %	



Independent benchmarking reflects average balance is well below industry average and percentage current accounts with a balance well above industry average

TRADE RECEIVABLES

- 3rd Q credit growth higher than expected at 41.4% - scorecard subsequently tightened
- Long-term target is a cash sale ratio of at least 75%



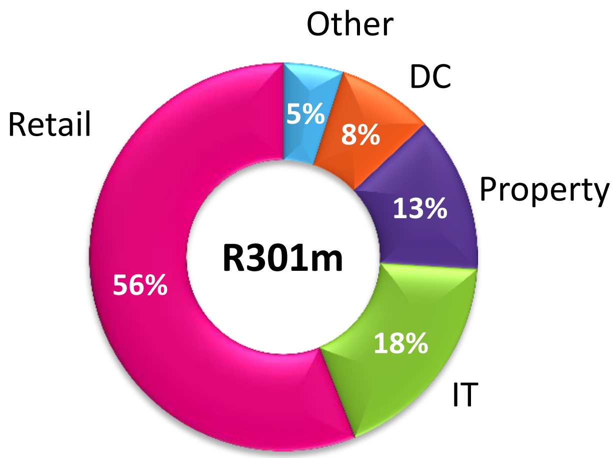
- Total sales growth for Apr 2012 was 13.2% (credit sales 15.6%)

Impairment	**2012**	**2011**
Percentage able to purchase	87.4 %	88.7 %
Net bad debt as percentage of debtors	3.9 %	4.5 %
Excludes collection costs, movement in provision		
Impairment provision	9.3 %	9.1 %

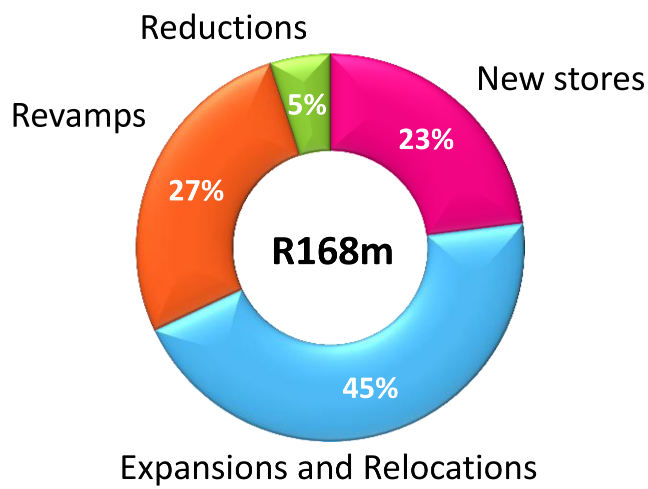
'Markov' provision increased from 5.2% to 5.4% due to change in ageing profile

CAPITAL EXPENDITURE

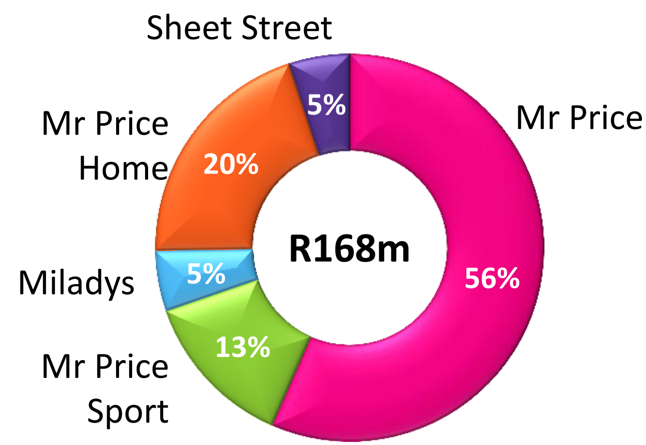
Total



Retail



Divisional Split



- Capital expenditure for FY 2013 is projected at R311m (retail: 66%)
- Charge for FY 2012: Depreciation - R165m (2011: R168m)*

  Amortisation - R25m (2011: R24m)*

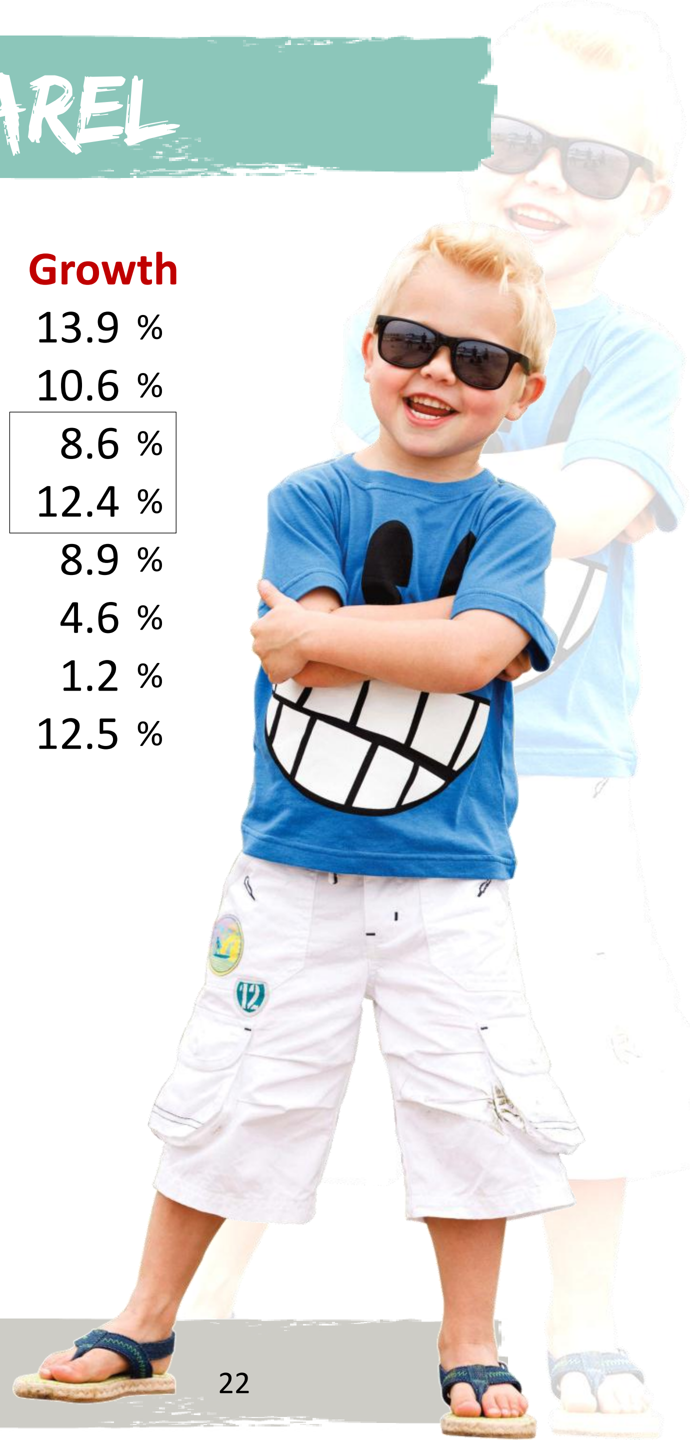
* 52 weeks


DIVISIONAL PERFORMANCE

SEGMENTAL PERFORMANCE APPAREL

All segmental and divisional information is based on 52 weeks for both periods, or 26 weeks for the 2nd half

		2012	2011	Growth
Retail sales		R8.4 bn	R7.4 bn	13.9 %
Comparable sales	- year			10.6 %
	- 1st half			8.6 %
	- 2nd half			12.4 %
Unit sales		137m	126 m	8.9 %
RSP inflation				4.6 %
Weighted average space growth				1.2 %
Trading density		R25 895 m^{-2}	R23 017 m^{-2}	12.5 %
Operating margin		18.0 %	16.7 %	
Number of stores		588	578	



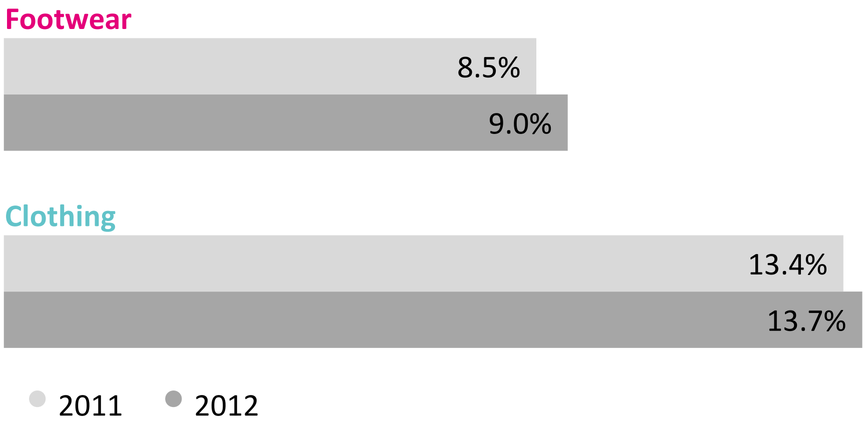
Apparel constitutes 72% of group sales

MR PRICE

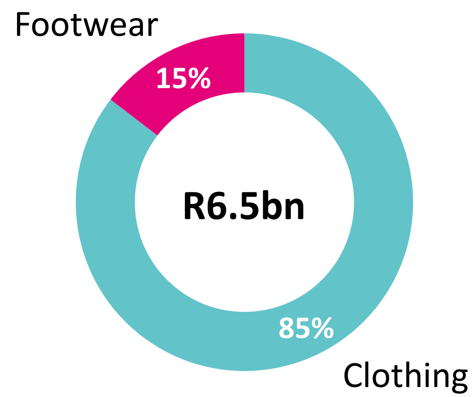
		2012	2011	Growth
Retail sales		R6.5 bn	R5.8 bn	13.2 %
Comparable sales	- year			9.8 %
	- 1st half			8.9 %
	- 2nd half			10.6 %
Unit sales				8.3 %
RSP inflation				4.5 %
Weighted average space growth				3.8 %
Trading density		R30 614 m^{-2}	R28 094 m^{-2}	9.0 %
Stock turn (times)		7.0	7.3	
Number of stores		353	340	

MR PRICE HIGHLIGHTS

RLC market share (%)



Contribution to sales



- Nielson’s brand health study:
  - remains the most loved brand in the category
  - enjoys the highest store usage amongst its competitor set
- Growth in shoppers 7%, relative to the AMPS universe which was static
- In total 16 new and 28 expanded stores exceeding sales and profitability expectations
- New generation store (Sandton City)

	Previous	**New**	
Sales	R24.8m	R58.8m	forecast profitability up 105%
Density	R46 031m^{-2}	R28 642m^{-2}	

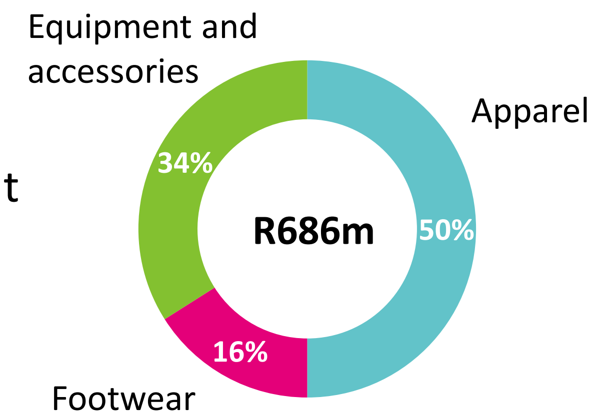
MR PRICE SPORT

		2012	2011	Growth
Retail sales		R686 m	R542 m	26.5 %
Comparable sales	- year			11.7 %
	- 1st half			7.3 %
	- 2nd half			15.5 %
Unit sales				20.3 %
RSP inflation				5.0 %
Weighted average space growth				3.5 %
Trading density		R14 963 m^{-2}	R12 241 m^{-2}	22.2 %
Stock turn (times)		4.8	5.2	
Number of stores		47	40	

MR PRICE SPORT HIGHLIGHTS

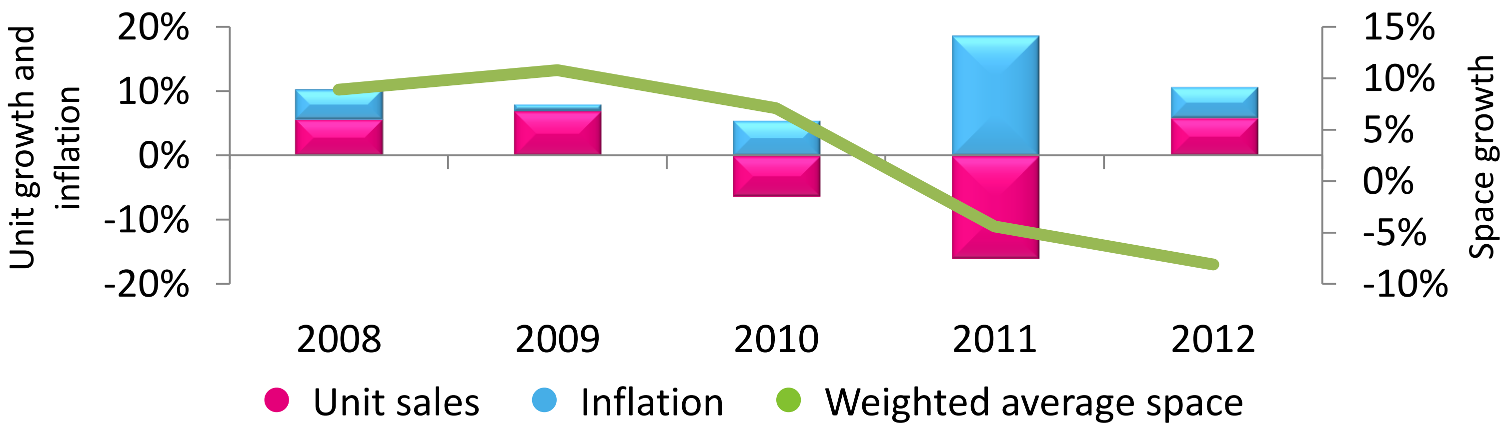
- Market research shows established acceptance of homegrown brands (Maxed, Trail and Promaster)
- Successful introduction of high-end technical products while still offering great value (Maxed Elite, Trail Tech)
- Increased contribution from international brands (GM, Cressi, Timex, Falke, Razor, Summit, Casio)
- New stores exceeding profitability expectations
- Smaller format stores (<1 000m²) performing very well, with superior density and store contributions than larger stores. Format to drive future store growth

Contribution to sales



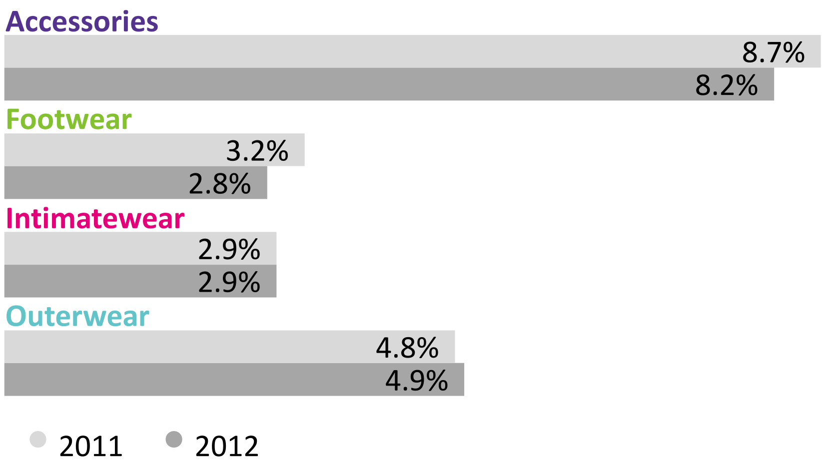
MILADYS

		2012	2011	Growth
Retail sales		R1.1 bn	R1.0 bn	11.2 %
Comparable sales	- year			14.0 %
	- 1st half			8.1 %
	- 2nd half			19.2 %
Unit sales				5.9 %
RSP inflation				6.2 %
Weighted average space growth				(8.1 %)
Trading density		R17 950 m^{-2}	R14 834 m^{-2}	21.0 %
Stock turn (times)		5.9	6.5	
Number of stores		188	198	

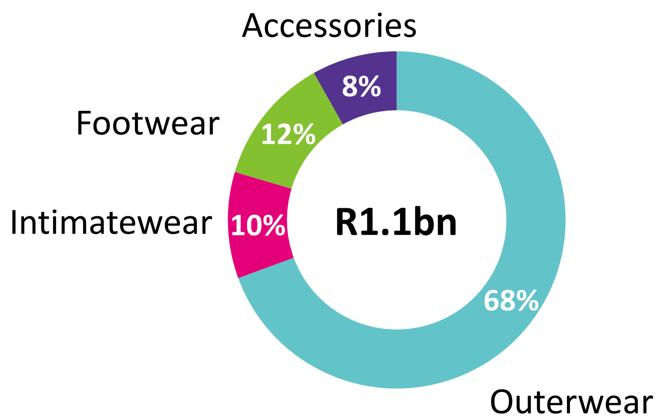


MILADYS HIGHLIGHTS

RLC market share (%)



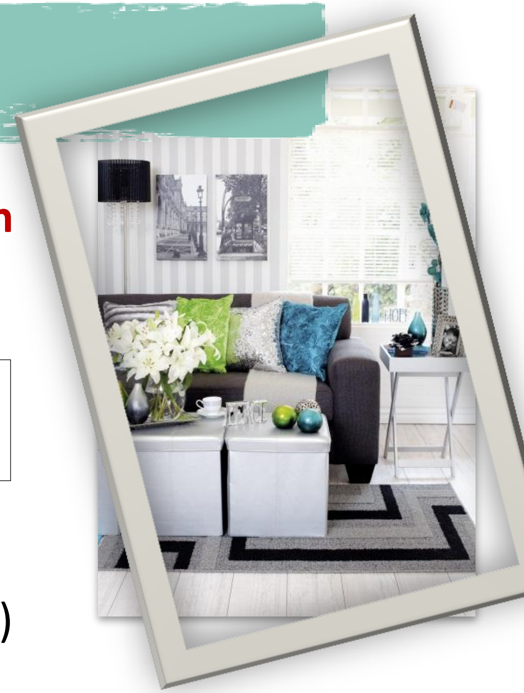
Contribution to sales

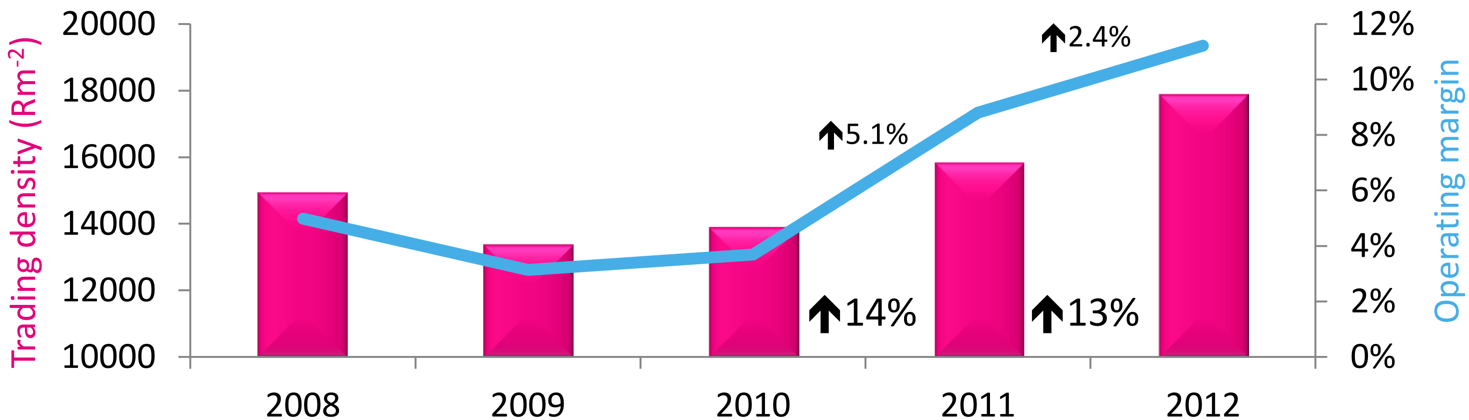


- Landscape research - increase in usage of 16% (19% increase in black customers, 13% increase in 40+ customers)
- Per RLC Miladys (22%) outperformed market growth (10%) since Dec 2011
- Starting to recover lost market share and recovery of the division is well on track
- % of customer base spending and average balances have increased
- Strong second half sales performance and excellent cost control resulted in operating profit increasing 42.7%
- Launched new generation store in Pavilion Nov 2011, store trading 14% up on prior year
- After a period of consolidation, division is now targeting new store openings

SEGMENTAL PERFORMANCE HOME

		2012	2011	Growth
Retail sales		R3.3 bn	R3.0 bn	10.6 %
Comparable sales	- year			9.5 %
	- 1st half			11.5 %
	- 2nd half			8.0 %
Unit sales				4.6 %
RSP inflation				5.9 %
Weighted average space growth				(2.0 %)
Trading density		R17 888 m^{-2}	R15 847 m^{-2}	12.9 %
Operating margin		11.2 %	8.5 %	
Number of stores		374	359	





- Strong correlation between density and operating margin
- Trend expected to continue as division exits unproductive space

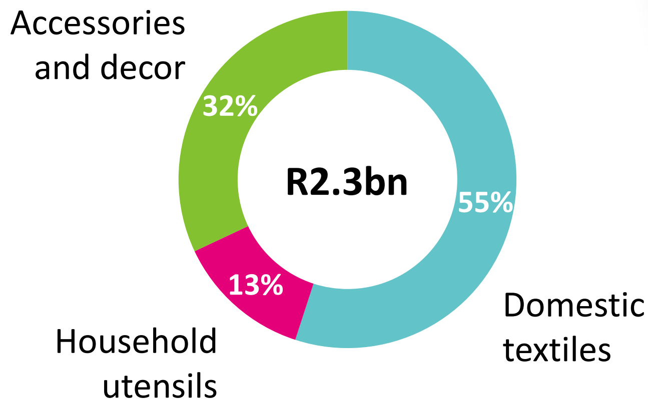
MR PRICE HOME

	2012	2011	Growth
Retail sales	R2.3 bn	R2.1 bn	9.9 %
Comparable sales - year			8.4 %
- 1st half			9.8 %
- 2nd half			7.2 %
Unit sales			4.6 %
RSP inflation			5.2 %
Weighted average space growth			(1.5 %)
Trading density	R16 426 m^{-2}	R14 729 m^{-2}	11.5 %
Stock turn (times)	6.1	5.9	
Number of stores	140	130	

MR PRICE HOME HIGHLIGHTS

RLC market share (%)

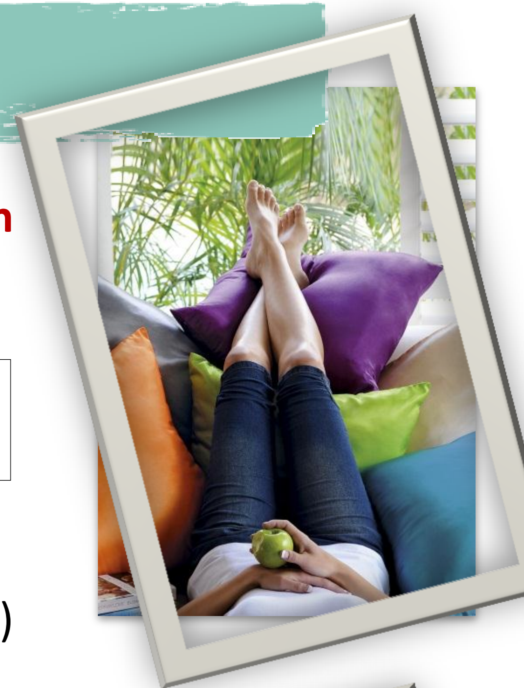
Contribution to sales



- Per AMPS grew customer base by 16%, against a stable total AMPS population
- Most loved homeware retailer in terms of Bateleur research
- Winner of the Orange index for customer service in Homeware
- Successful launch of new concept store (Sandton City) on Nov 2011 – forecast profit up 31%
- Achieved a double digit operating margin for the 1st time

SHEET STREET

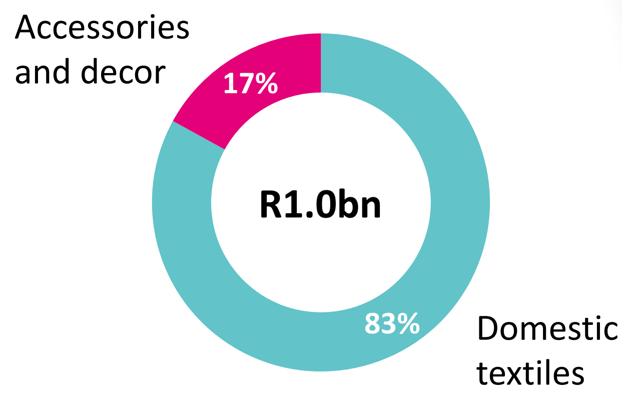
		2012	2011	Growth
Retail sales		R1.0 bn	R0.9 bn	12.4 %
Comparable sales	- year			12.0 %
	- 1st half			14.9 %
	- 2nd half			9.8 %
Unit sales				4.6 %
RSP inflation				7.5 %
Weighted average space growth				(3.4 %)
Trading density		R22 149 m^{-2}	R19 040 m^{-2}	16.3 %
Stock turn (times)		6.5	6.1	
Number of stores		234	229	



SHEET STREET HIGHLIGHTS

RLC market share (%)

Contribution to sales



- Per Landscape survey 2nd most loved and 2nd most shopped home textile retailer (behind Mr Price Home)
- Per AMPS, increased its number of customers by 14.3%
- 8 new stores in total performing ahead of feasibility (sales, density, profitability)
- First time for:
  - sales exceeding R1 billion
  - achieving double digit operating margin

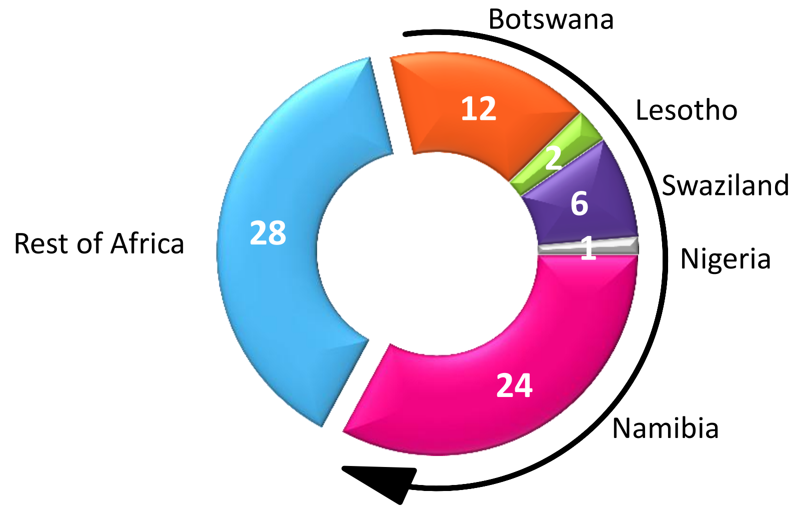
MR PRICE INTERNATIONAL

- Africa has more cities with a population over 1 million than N. America
- Emergence of sizeable middle class will provide fuel for consumer booms in many African countries
- Population expected to grow from 1 billion to 3 billion by 2050, outstripping India and China
- Working population will become worlds largest by 2040, growing from 500 million to 1.1 billion
- Adoption of technology (telephony and computing through mobile devices) is assisting Africans skip ahead of the consumer curve
- As experienced in RSA, migration through the LSM's (pg 38) is expected to play out in the rest of Africa
- However, overcoming obstacles (power, infrastructure, supply chain, ease of doing business) and 'getting it right' will be challenging… but potentially very rewarding

MR PRICE INTERNATIONAL

FRANCHISED

Mr Price Apparel	19
Mr Price Home	9
Total	**28**



OWNED

Mr Price Apparel	23
Mr Price Sport	1
Miladys	7
Mr Price Home	5
Sheet Street	9
Total	**45**

- Nigeria
  - 1 200m^2 in Ikeja Mall, Lagos opened 29 Mar 2012
  - Early days, but performing well above feasibility, despite no footwear offer
  - Potential additional test stores
  - Future supply chain improvements will result in even stronger value offer and improved margins, primarily through elimination of double duty and handling
- Ghana
  - 930m^2 in Accra Mall opening 15 Jun 2012
  - Confident of potential given past performance
- Opened 5 franchised stores in FY2012. No further franchise stores planned to be opened

SUPPLY CHAIN AND SYSTEMS

Objectives: To improve visibility, ensure sustainable supply, enhance product flexibility and reduce lead times and cost

SUPPLY CHAIN

- Long-term project to reduce the number of ‘touchpoints’ between point of manufacture and store
- As a consequence of previous initiatives, distribution centre experienced smoothest ‘peak’ ever, despite handling record volumes
- Expected growth will require a new distribution centre to come online July 2014

SYSTEMS

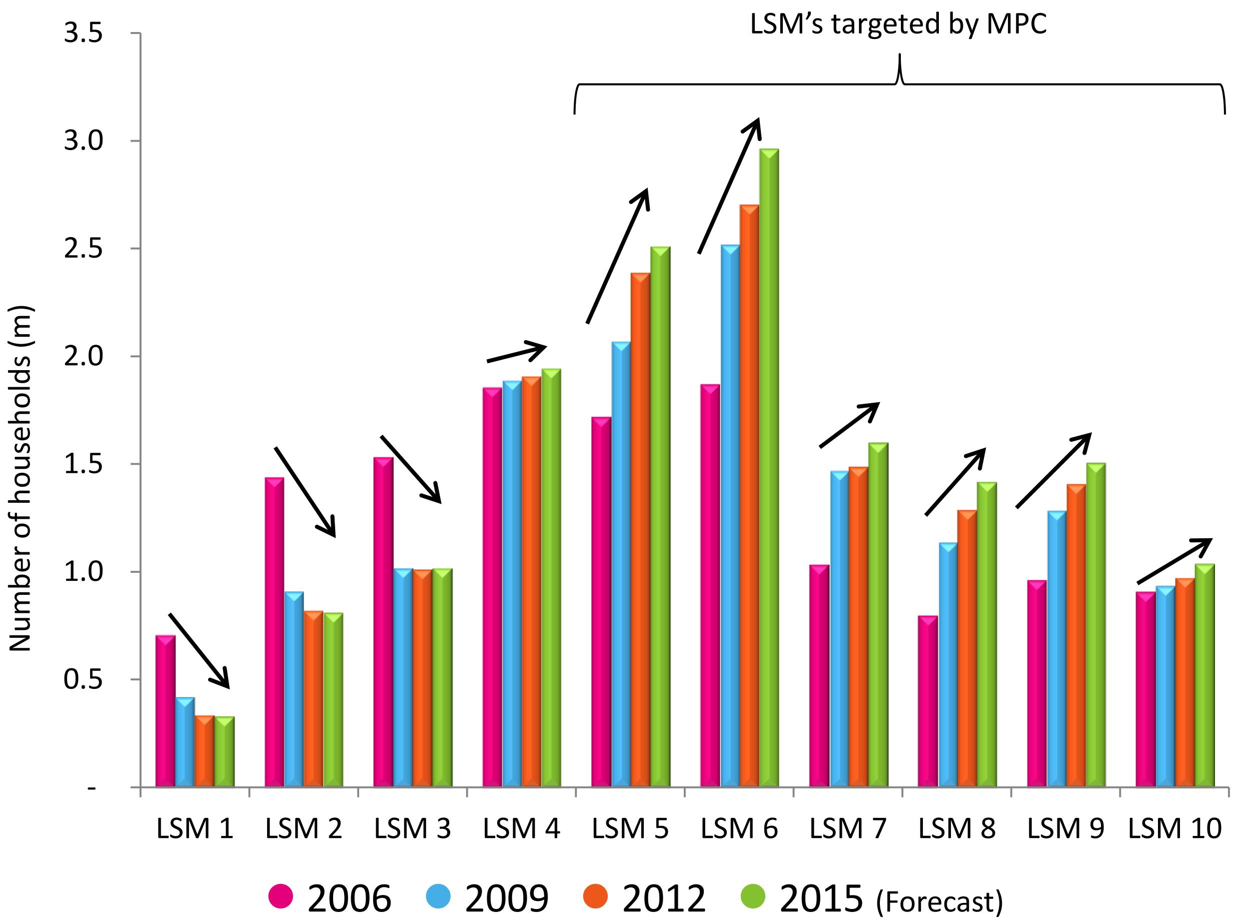
- Current in-house core systems served Group extremely well at low cost
- However, to meet future needs a strategic IT capability assessment is underway

SOURCING

Long- term project to reduce country risk

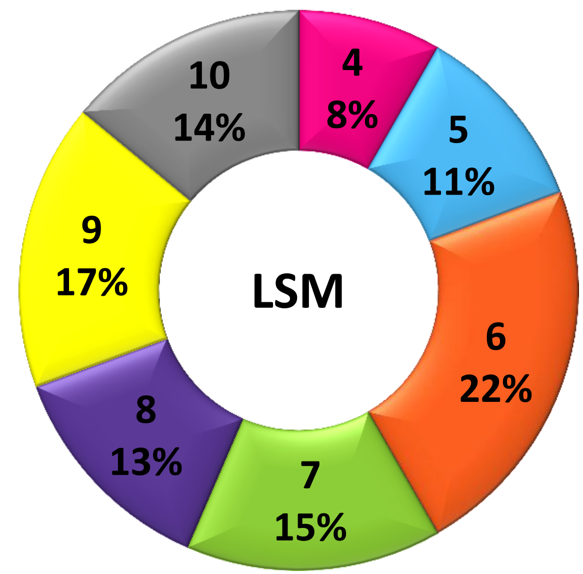
- Reduce dependence on China in favour of Bangladesh, Cambodia, Vietnam, Mauritius and RSA
- Increased factory direct imports by 72% in last year
- Pre-season briefing and collaboration with certain key suppliers reduced their lead times from 4 to 3 months and improving on time in full deliveries
- Strengthened relationships with RSA manufacturers
  – Increased locally purchased units by 21% in last year
  – R10m enterprise development loan to key supplier to expand operations

MIGRATION THROUGH THE LSM'S



Source: SBG Securities/BER

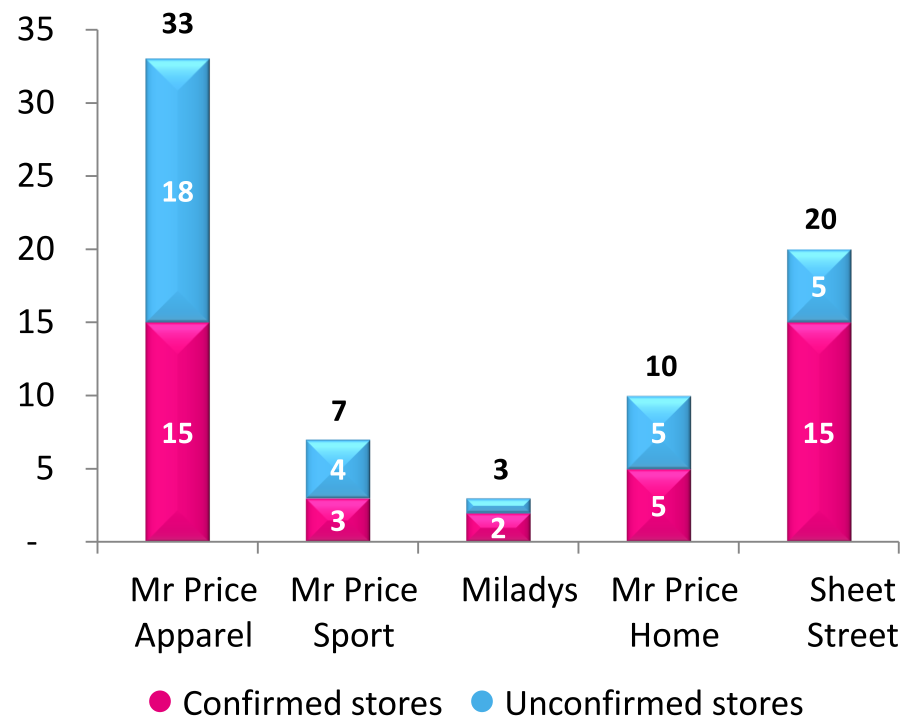
MPC customers per LSM (AMPS – Jul 2011)



MPC IN DEMOGRAPHIC 'SWEETSPOT' – TREND FORECAST TO CONTINUE

DRIVING PROFITABLE GROWTH

- In FY 2013
  - Targeting space growth of 5%
  - 73 new stores planned (1st half 37 – confirmed 31)
  - Space expansion of high performing stores – 4 000m^2
- Continued right sizing of stores
- Expect RSP inflation of ±6% in 1st half FY2013
- Online offer to be launched in Apparel this year
- Financial performance of Home chains, Miladys, Mr Price Sport trending well but are still short of their operating margin targets
- Mr Price Apparel has proven track record and:
  - Will open most stores in the Group
  - Will be the format used to test foreign markets and trading formats



PASSION
WHO WE ARE

VALUE
WHAT WE DO

PARTNERSHIP
HOW WE DO IT

Mr Price

MILADYS

Mr Price HOME

sheet street
loving your home!

Mr Price SPORT