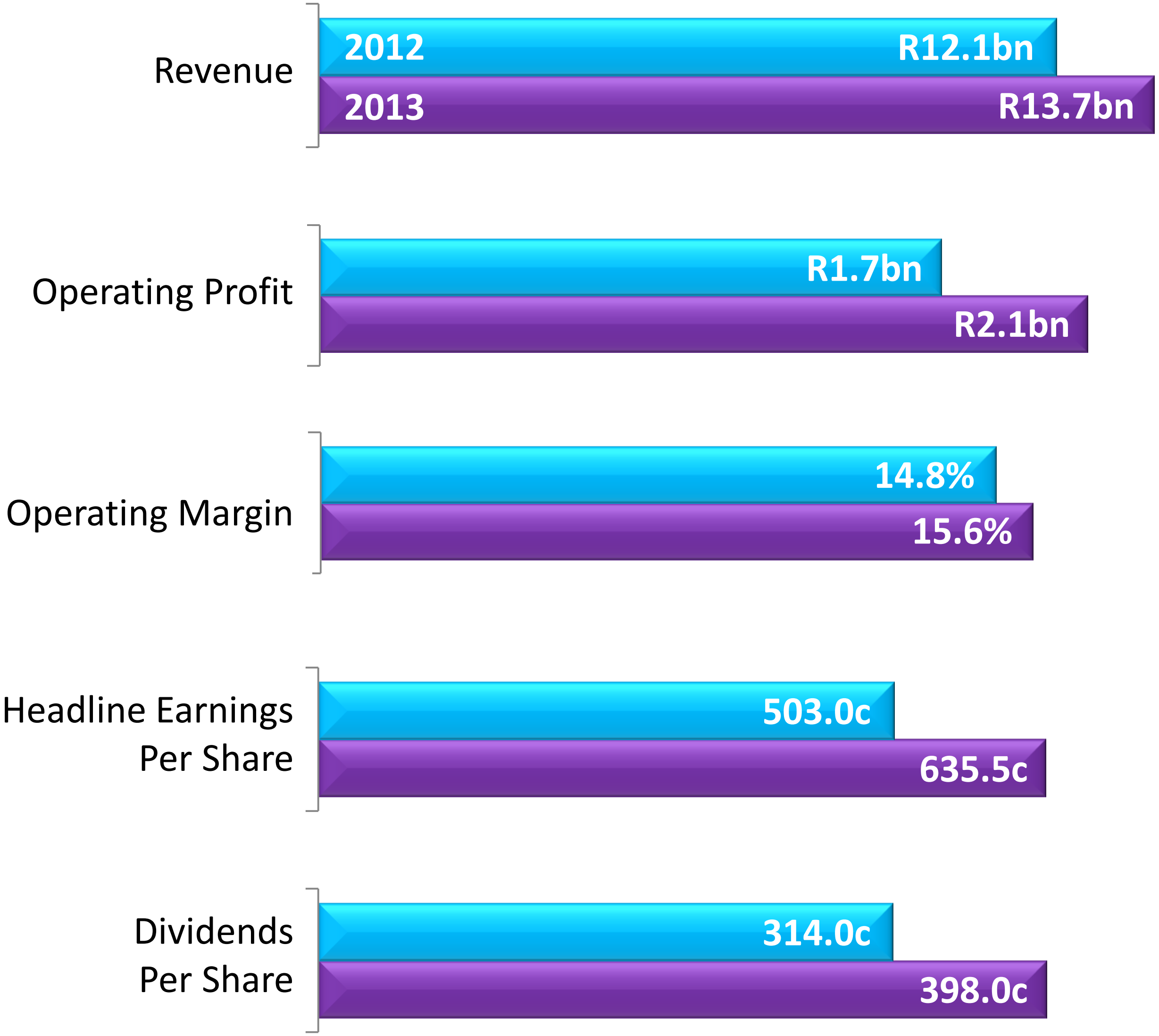
Mr Price Group Limited

Annual Results Presentation
March 2013

SOLID PERFORMANCE IN A CHALLENGING YEAR



+13.2%

+19.0%

+80bps

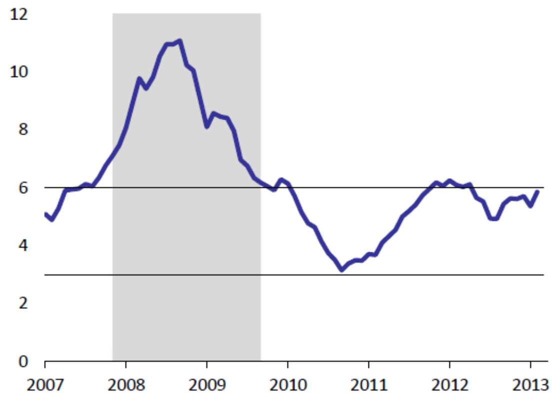
+26.3%

+26.8%

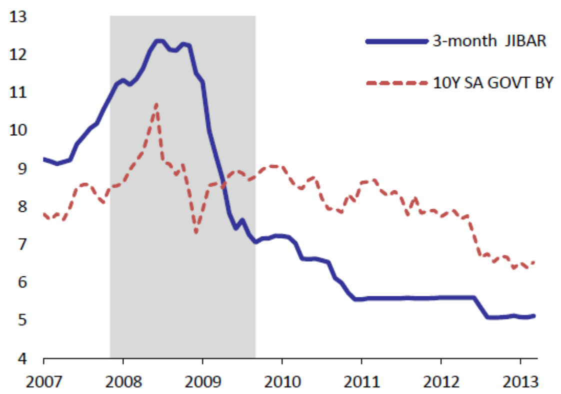
AWARDS AND ACCOLADES

MSCI	Included in MSCI Emerging Markets Index
WORLD RETAIL AWARDS	Finalist in Emerging Market Retailer of the Year Category
Sunday Times	Ranked 5th in Sunday Times Top 100 Companies (10 year compound growth rate in share price 44.2%), top placed retailer
RETAIL AWARDS 2012 The Times Sowetan	Mr Price Home named Homewares Retailer of the Year Home Accessories and Décor category
ASK AFRIKA ORANGE INDEX® 2012 INDUSTRY WINNER HOME & DÉCOR INDUSTRY	Sheet Street named industry winner for customer service levels Home and Décor category
THE INVESTMENT ANALYSTS SOCIETY OF SOUTHERN AFRICA IAS	Investment Analyst Society Awards: Mr Price Group voted leader in corporate reporting in the consumer services sector

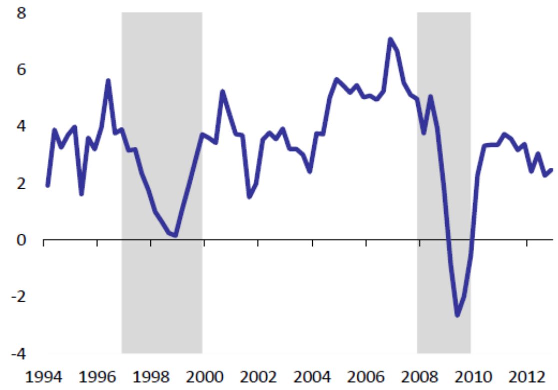
DIFFICULT TRADING ENVIRONMENT



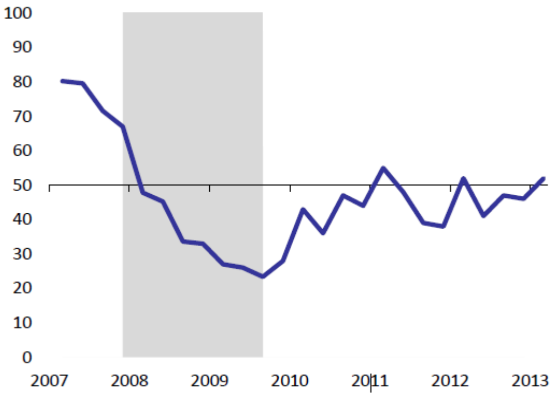
Inflation (y/y % change)



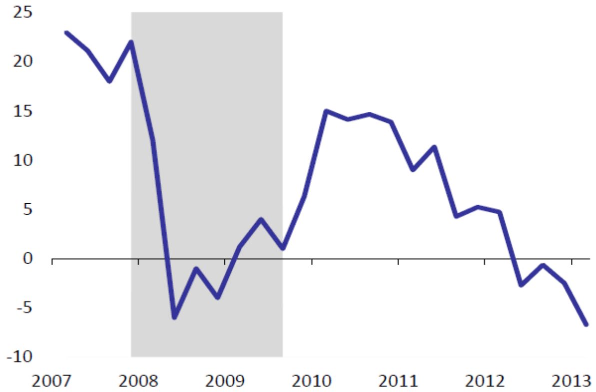
Interest rates



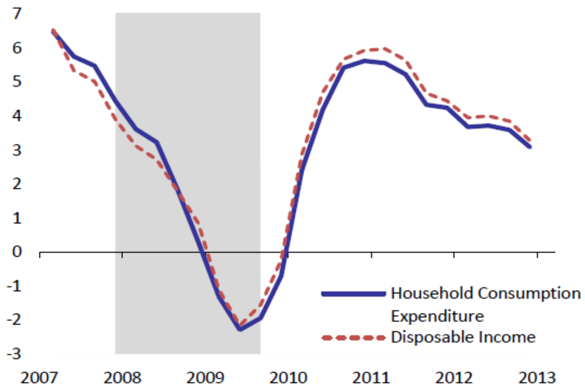
Real GDP growth (y/y % change)



Business confidence



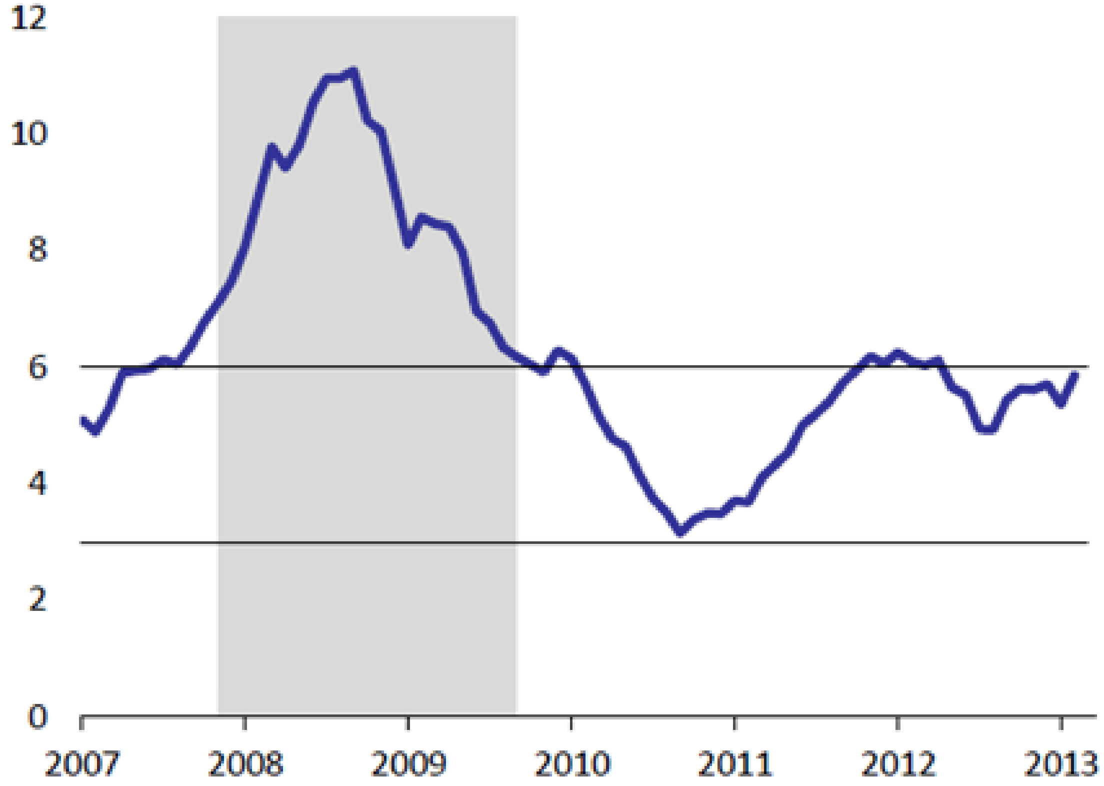
Consumer confidence



Household consumption and real disposable income (q/q % change)

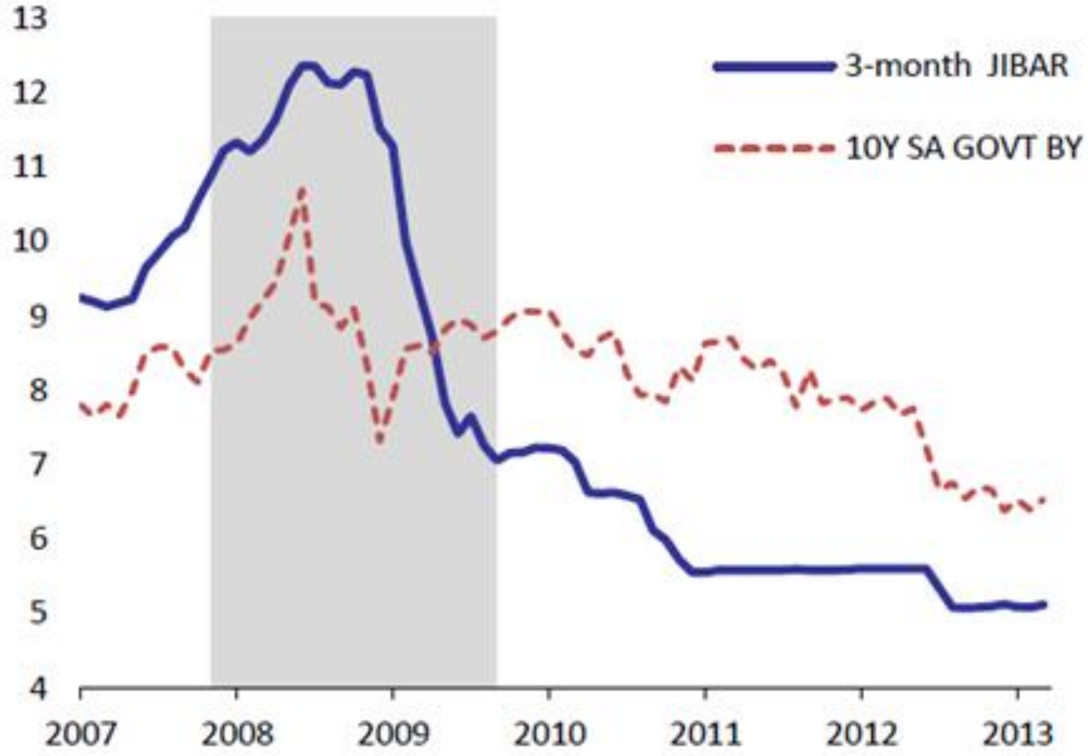
Source: Bureau for Economic Research – Economic Snapshot (April 2013)

DIFFICULT TRADING ENVIRONMENT



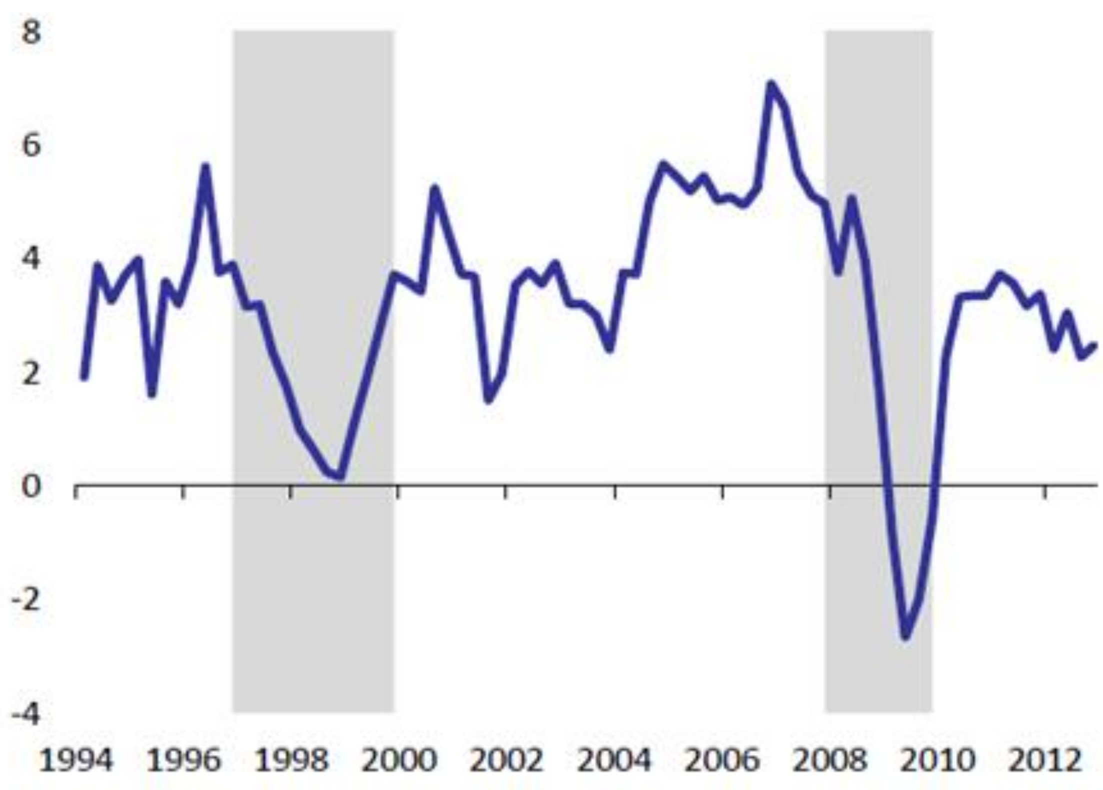
Inflation (y/y % change)

DIFFICULT TRADING ENVIRONMENT



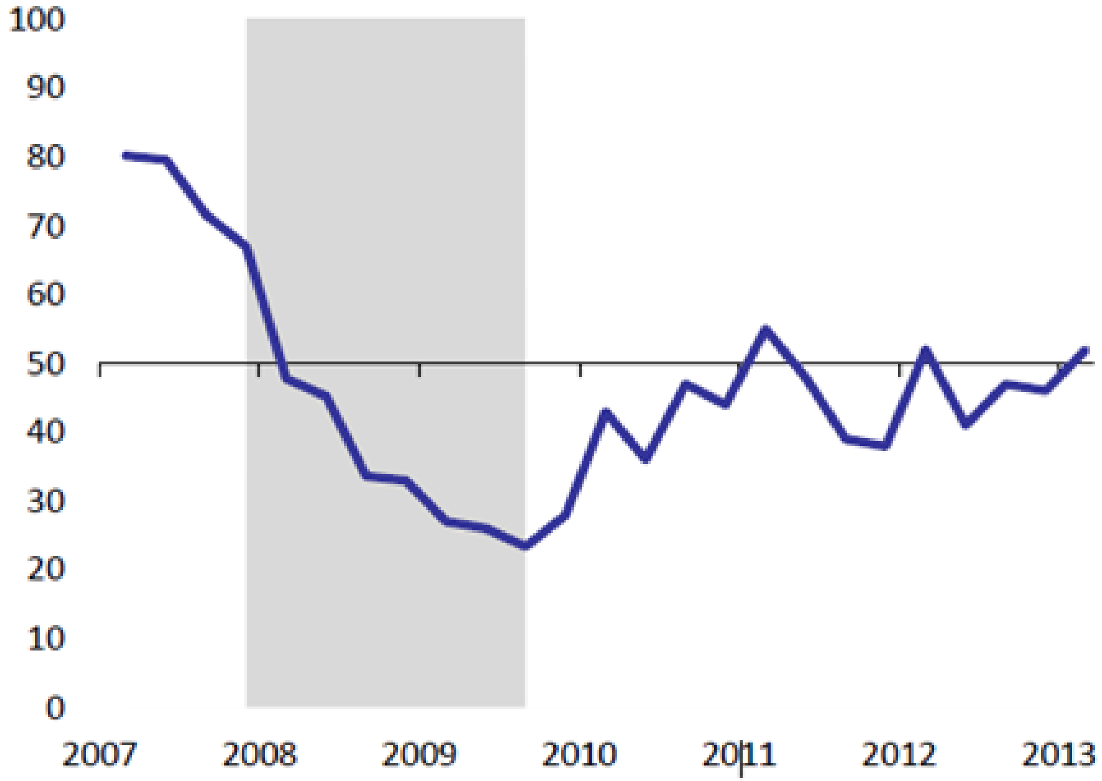
Interest rates

DIFFICULT TRADING ENVIRONMENT



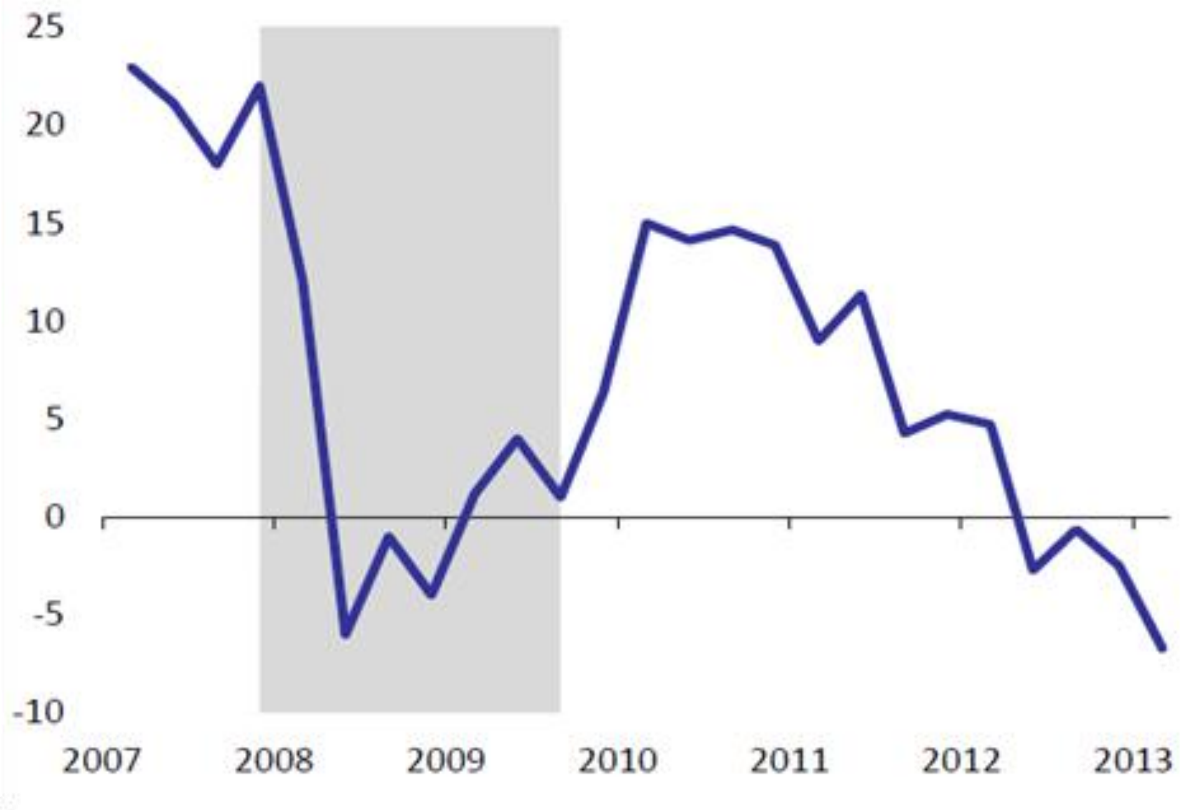
Real GDP growth (y/y % change)

DIFFICULT TRADING ENVIRONMENT



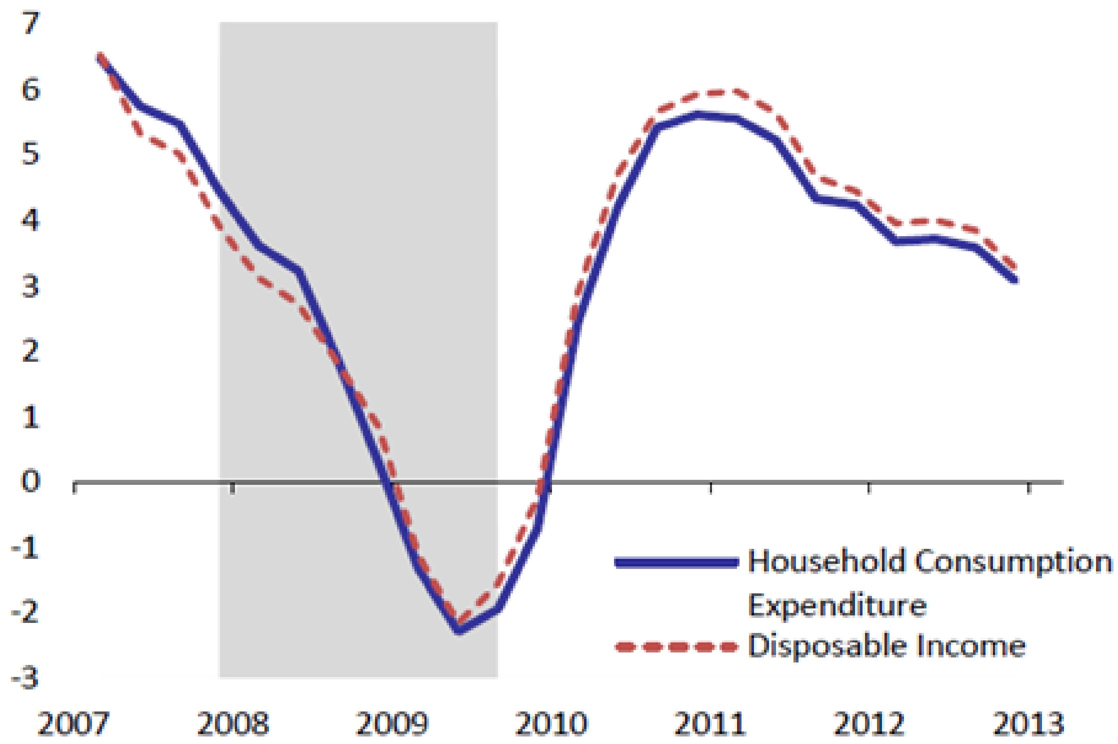
Business confidence

DIFFICULT TRADING ENVIRONMENT



Consumer confidence

DIFFICULT TRADING ENVIRONMENT

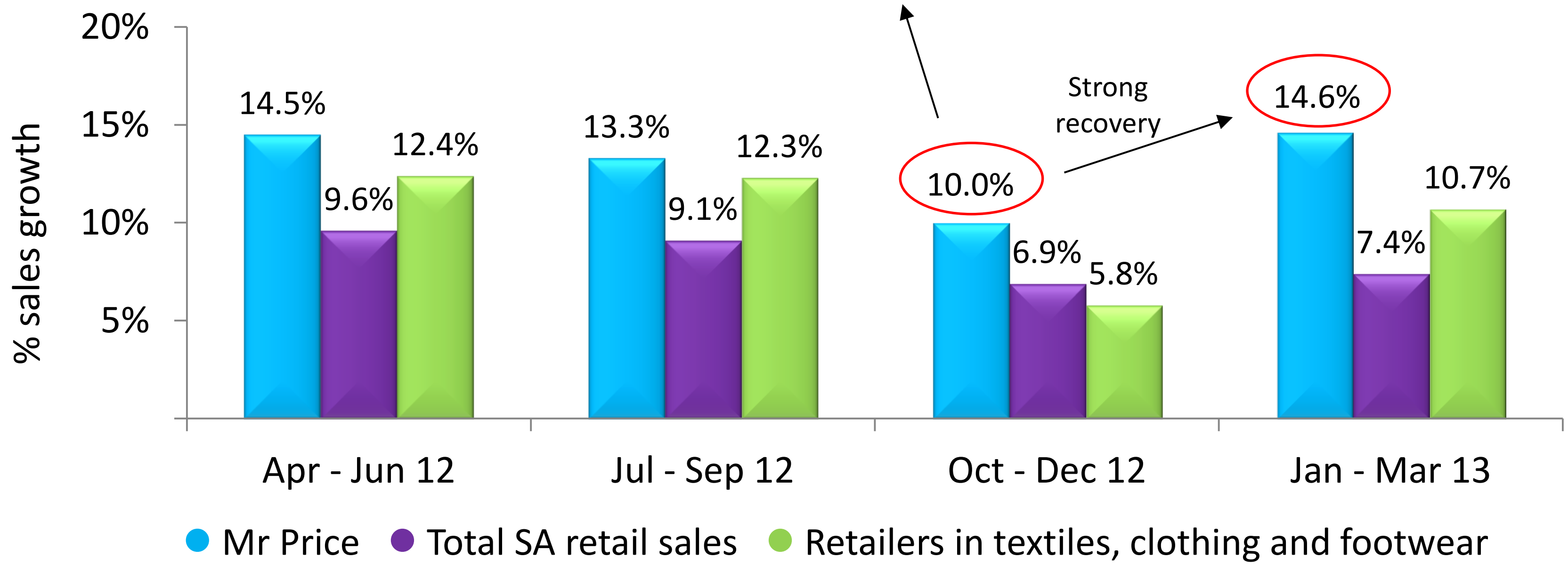


Household consumption and real disposable income (q/q % change)

SATISFACTORY SALES PERFORMANCE, RECOVERY FROM Q3

		2013	2012	% change
Retail sales		R13.3 bn	R11.8 bn	12.7 %
Comparable sales	- full year			7.3 %
	- 1st half			8.7 %
	- 2nd half			6.2 %

Refer page 9

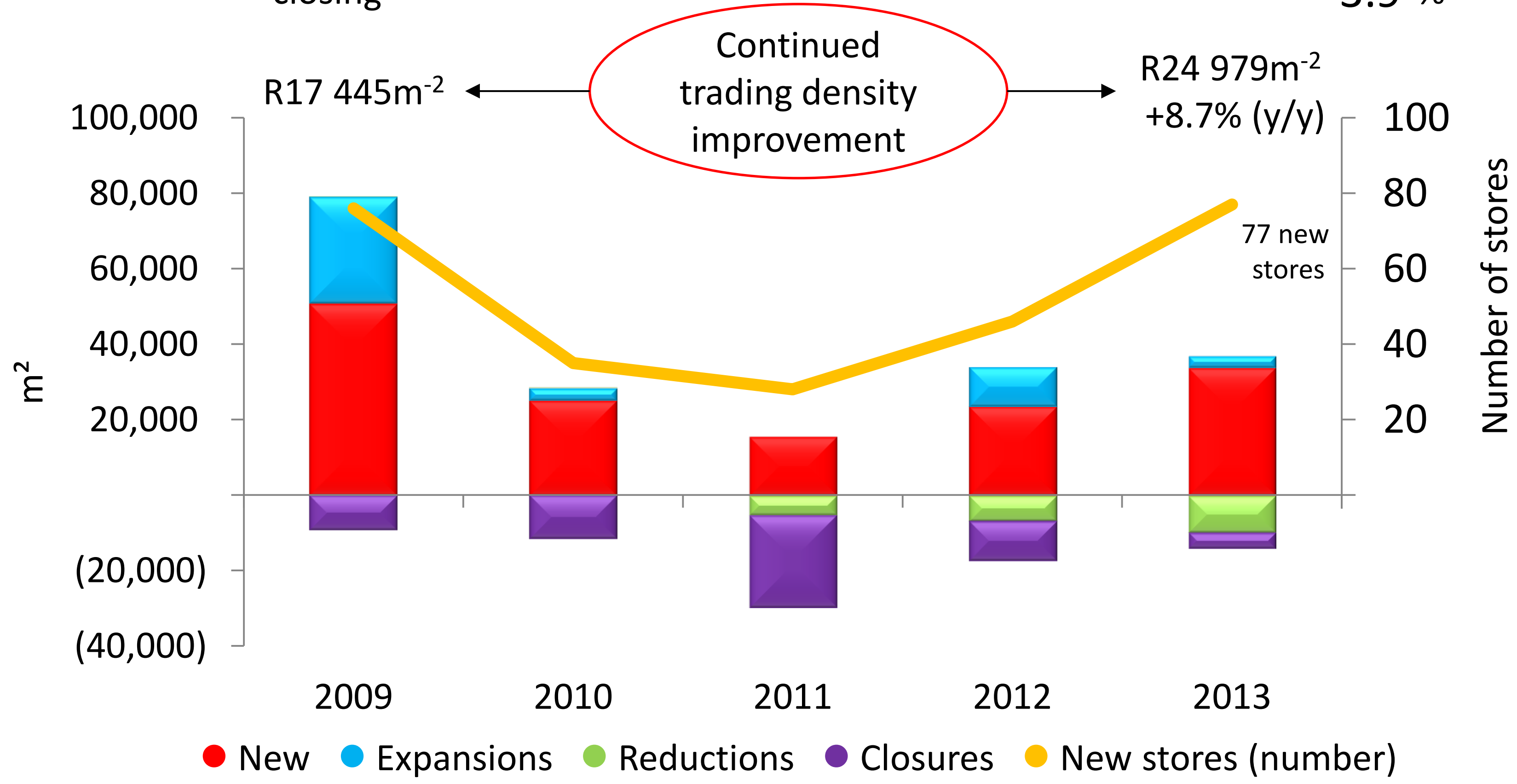


Annual sales growth MPC: 12.7% vs. Total SA retail sales: 8.2%

Source: Stats SA

SPACE DELIVERED, RIGHT SIZING CONTINUES

		% change
Gross space (new stores & expansions)	- weighted average	4.9 %
	- closing	6.2 %
Net space	- weighted average	3.7 %
	- closing	3.9 %



2013 GROUP INCOME STATEMENT

R'm	2013	% of sales	2012	% of sales	% change
Retail sales	13 266		11 767		12.7%
Cost of sales	7 664		6 843		12.0%
Gross profit	5 602	42.2%	4 924	41.8%	13.8%
Other income	398		295		34.9%
Selling expenses	2 996	22.6%	2 646	22.5%	13.2%
Administrative expenses	932	7.0%	832	7.1%	12.0%
Profit from operating activities	**2 072**	**15.6%**	**1 741**	**14.8%**	**19.0%***
Net finance income	56		45		23.5%
Profit before taxation	2 128		1 786		19.1%
Taxation	591		569		3.9%
Profit attributable to shareholders	1 537		1 217		26.3%

Revenue up 13.2%

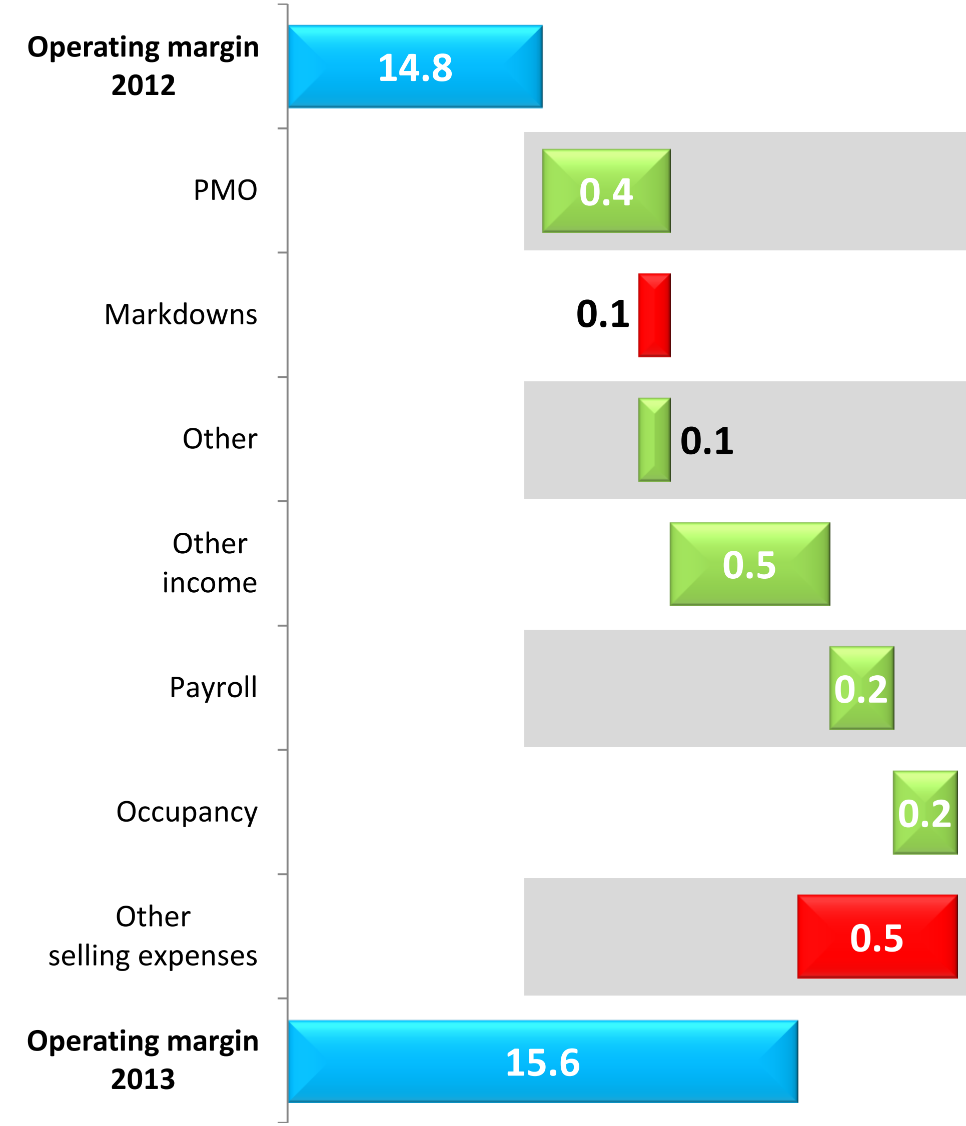
* Excluding once off impairments of R19m (page 7), operating profit growth is 20.1%

EXPENSE ANALYSIS

	Selling		Admin	
% Growth		13.2%		12.0%
Adjusted for (R'm):				
Impairments	10.7 [1]		7.9 [2]	
Costs associated with online business	8.4		11.9	
Increase in net bad debt	42.4			
Human Capital Management System			1.9	
Foreign exchange differences			19.2	
New head office property lease			8.5	
	61.5	(2.3%)	49.4	(5.9%)
Space growth (weighted average)		(3.7%)		
Increase for all other costs		7.2%		6.1%

Note 1: Customer lists – change in basis of accounting
2: 'Clean up' in preparation for new ERP system

CONTINUED IMPROVEMENT IN OPERATING MARGIN



PMO:
- Improved buying and supplier collaboration
- Product mix

Markdowns:
- Improved in 3 of 5 divisions
- Decrease mainly due to Apparel in 1st half

Other:
- Carriage and distribution centre efficiencies

Other income:
- Increase in premium income of 50.5%
- Increase in interest received from trade debtors of 32.6%

Payroll:
- 1 490 new associates employed
- Salary increases averaged 6.5 – 7.0%

Occupancy:
- Rentals well controlled, 175 leases renewed, base rental up 4.4%
- Electricity and water up 18.3%

Other selling expenses:
- Per analysis on page 7

Operating margin 2013:
- Improvement in operating margin for last 5 years

SALES AND OPERATING PROFIT GROWTH

	1st half 26 weeks	2nd half 26 weeks	Full year 52 weeks
Sales			
Apparel	13.1%	10.9%	11.9%
Home	15.9%	14.1%	14.9%
Total	**13.9%**	**11.8%**	**12.7%**
Operating profit			
Apparel	16.2%	12.5%	14.0%
Home	36.5%	29.5%	31.9%
Total	**21.2%**	**17.6%**	**19.0%**

Satisfied with overall results given weak Q3:

- High credit base in comparable period (Q3 FY2012)(page 17)
- Underperformance of Mr Price Apparel (page 22)

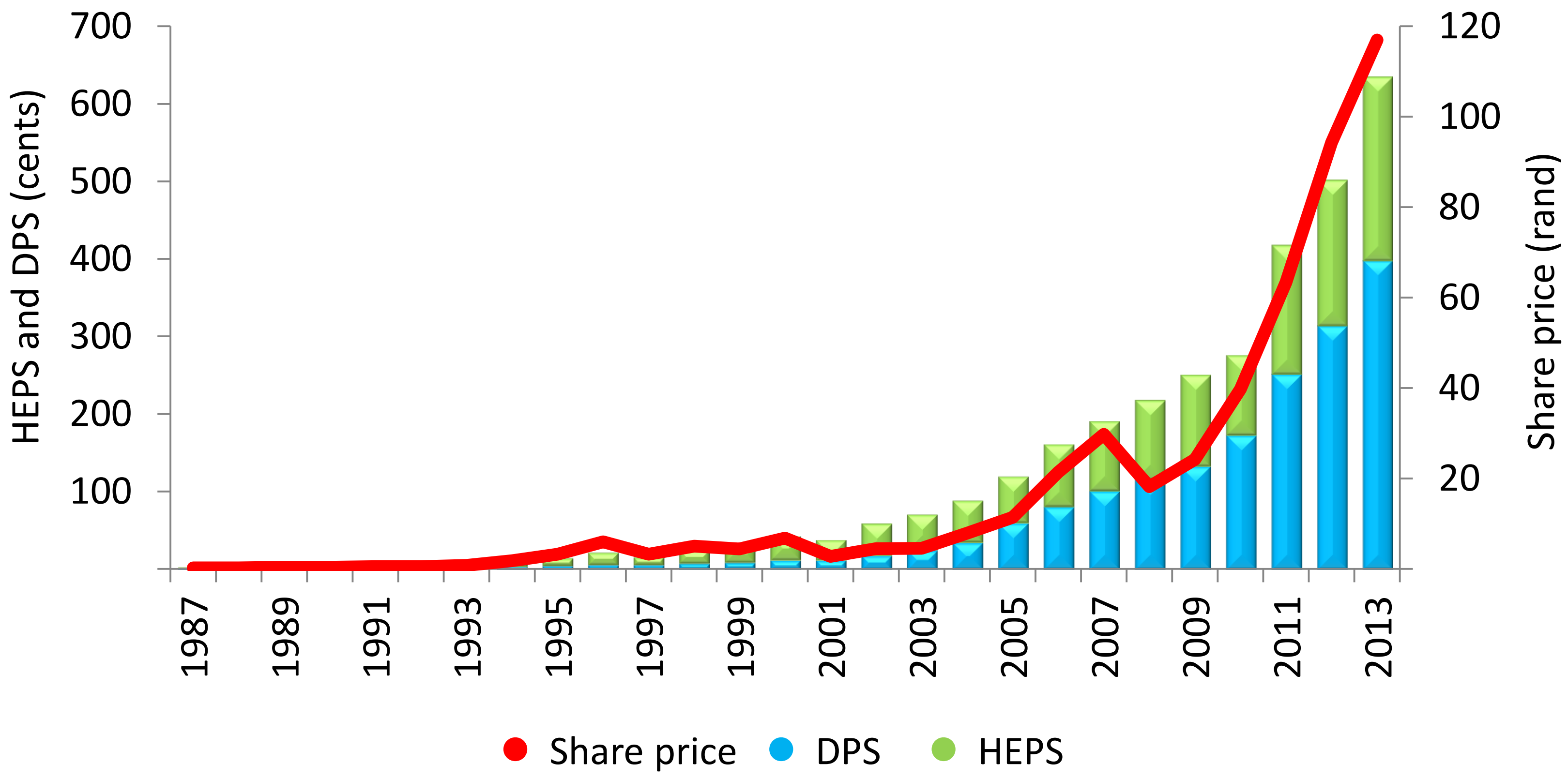
EARNINGS AND DIVIDENDS PER SHARE

	2013	2012	% change
Earnings per share			
- Basic	627.6 c	500.9 c	25.3 %
- Headline	635.5 c	503.0 c	26.3 %
Fully diluted headline	584.8 c	464.5 c	25.9 %
I-Net Consensus estimate	582.3 c		
Dividends per share	398.0 c	314.0 c	26.8 %
- Interim	133.0 c	93.6 c	42.1 %
- Final	265.0 c	220.4 c	20.2 %
Dividend cover (times)	1.6	1.6	
I-Net Consensus estimate	394.0 c		

Since the change in control in 1986:

- Recorded an increase in HEPS in 25 of the 27 years; and
- Never decreased dividends

CONSISTENT TRACK RECORD

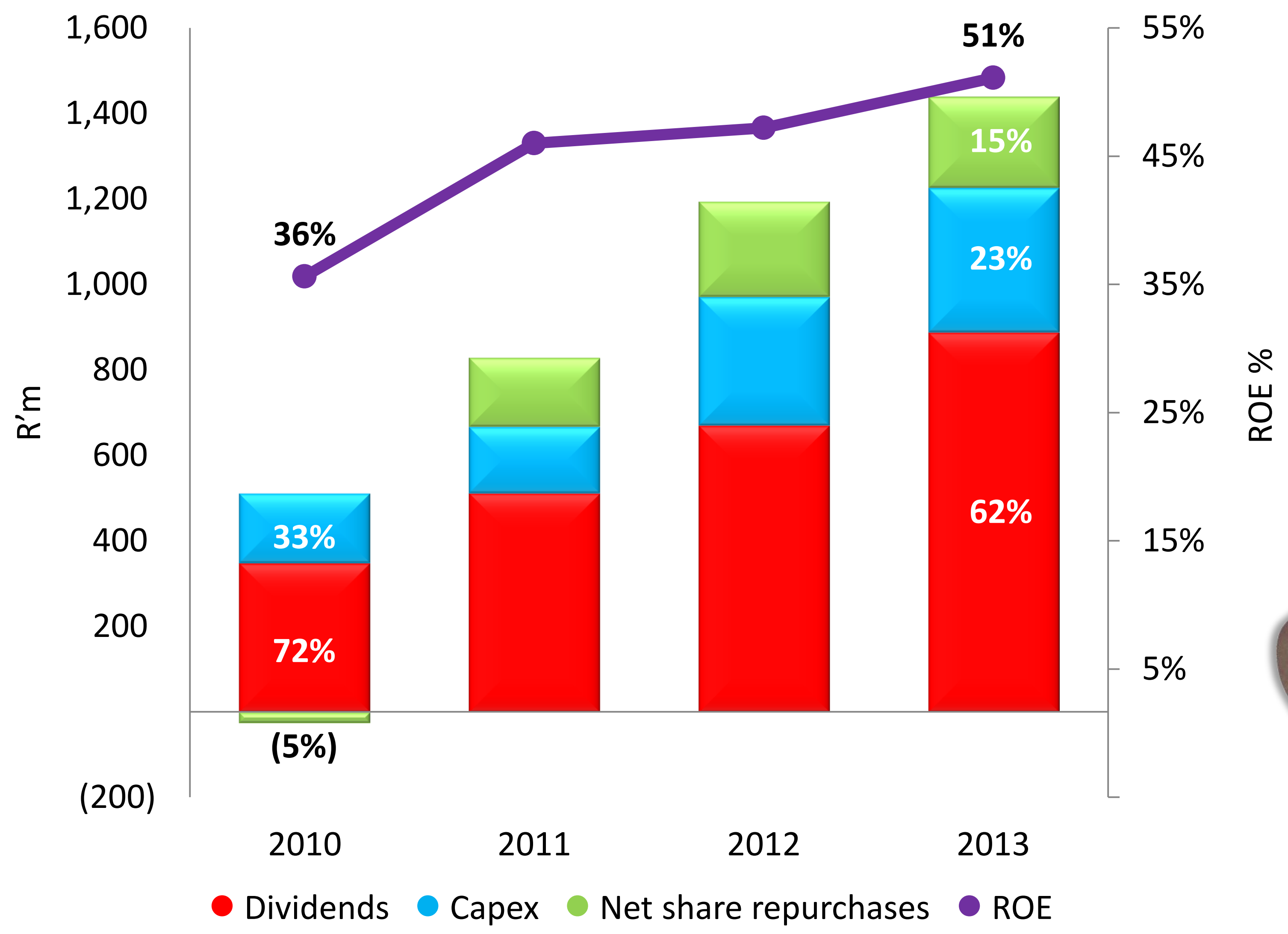


Compound annual growth rate	5 year	27 year
Headline earnings per share	23.7%	23.5%
Dividends per share	28.0%	25.3%
Share price	45.1%	26.9%

FINANCIAL POSITION

R'm	2013	2012
Non-current assets		
Property, plant and equipment	660	540
Intangible and other assets	267	204
Current assets		
Inventories	1 236	1 168
Trade and other receivables	1 513	1 183
Cash and cash equivalents	1 221	1 201
	4 897	4 296
Equity attributable to shareholders	3 316	2 781
Non-current liabilities	206	195
Current liabilities	1 375	1 320
	4 897	4 296

CAPITAL ALLOCATION



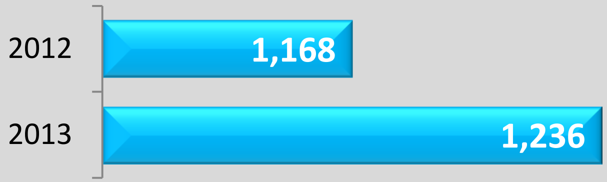
WORKING CAPITAL WELL MANAGED

Intangible and other assets (R'm)

↑ 30.9%

- Additions to intangibles of R48.4m (e-commerce, HCM, e-learning). Offset by impairment of customer lists of R10.7m and amortisation R28.7m
- Increase in deferred tax assets

Inventories



↑ 5.8%

- Stock turn declined from 6.5 times to 6.4 times
- Improved profile compared to prior year – should result in slightly better markdown performance in 1st half FY 2014

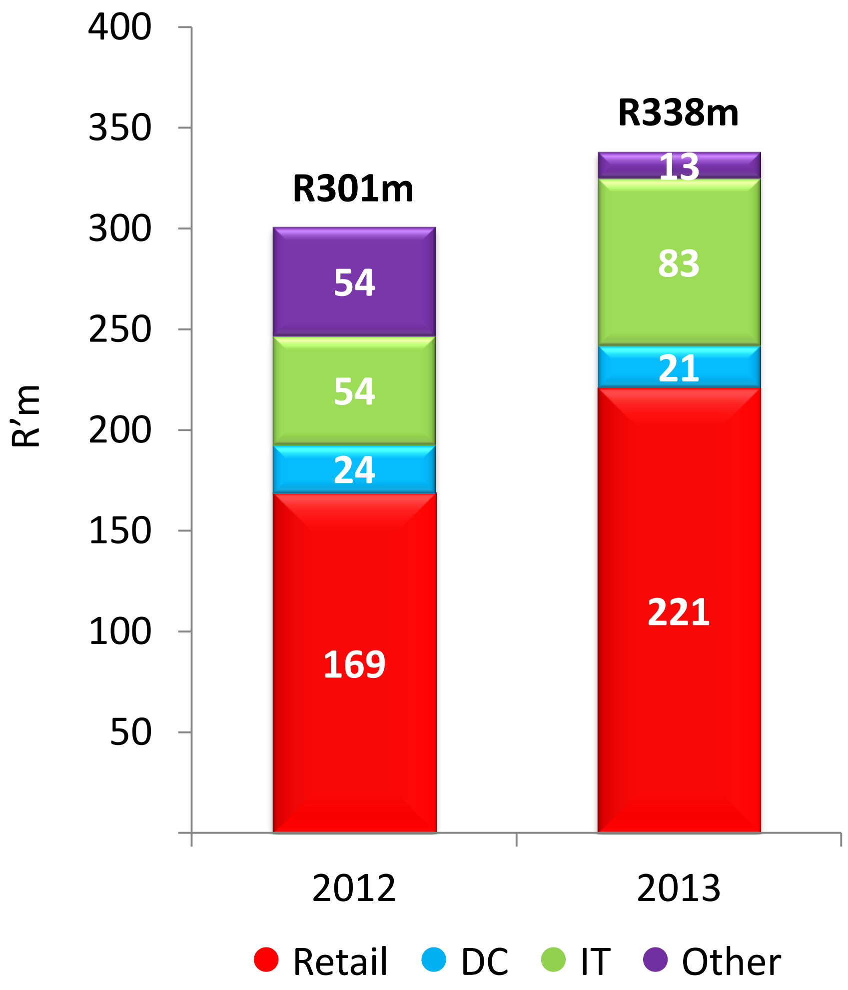
Current liabilities

↑ 4.2%

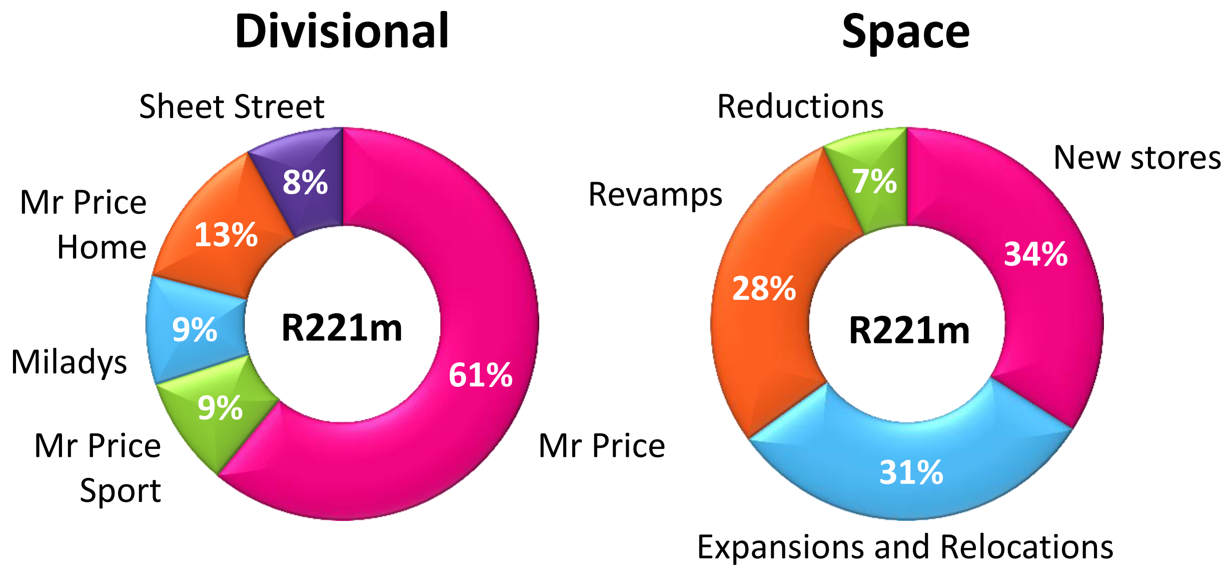
- Trade and other payables up 3.4%, in line with inventories
- Tax liability and current portion of lease liabilities up >15%

PPE AND INTANGIBLES

Total additions



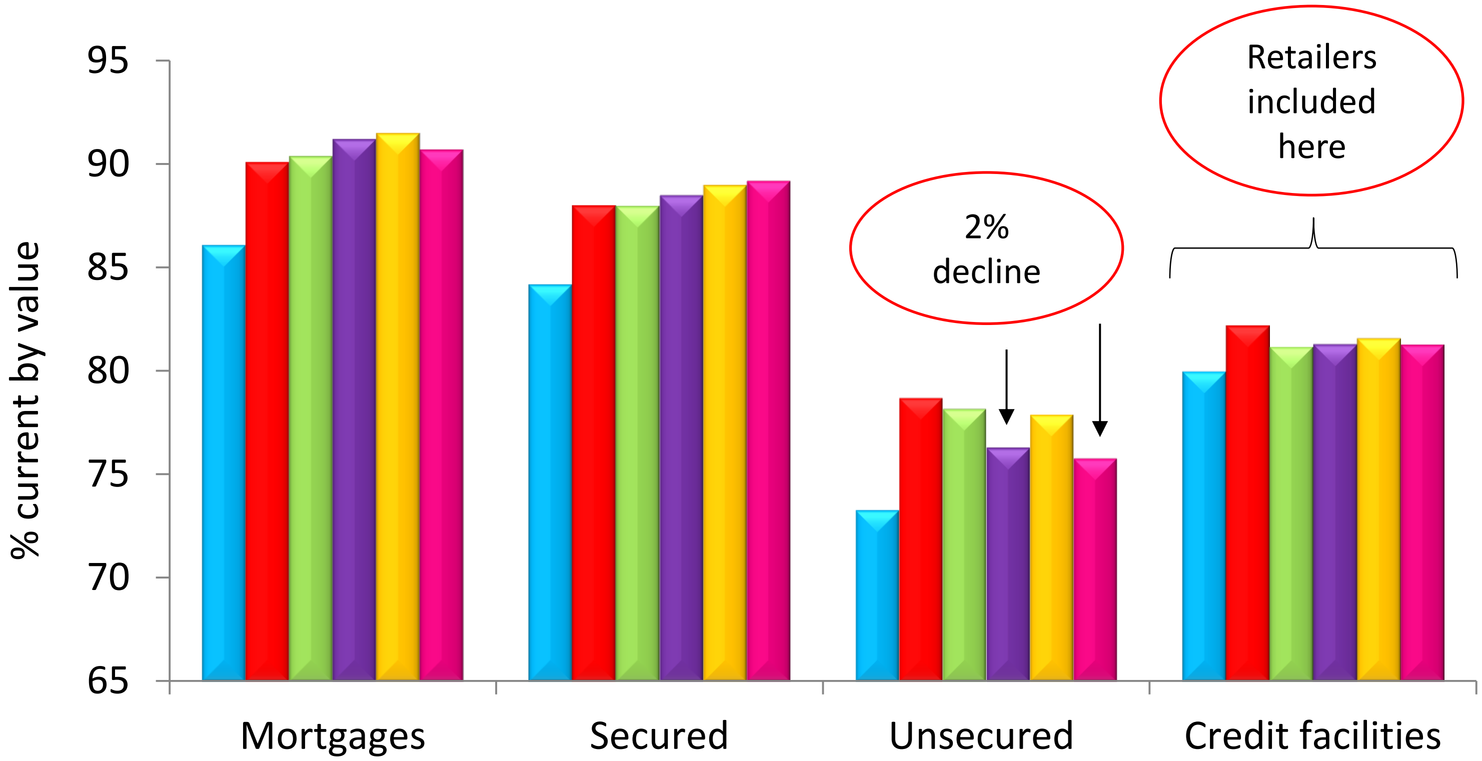
Retail capex splits



	2013	2012
Depreciation	R161.3m	R164.5m
Amortisation	R28.7m	R25.5m

Capital expenditure FY2014 projected at R590m

TRADE RECEIVABLES – AGEING PROFILE OF TOTAL CREDIT IN RSA



	Mortgages	Secured	Unsecured	Credit facilities
% of total RSA credit	57%	20%	11%	12%
y/y growth	2%	15%	41%	17%

● Worst in last 3 years ● Dec 11 ● Mar 12
● Jun 12 ● Sep 12 ● Dec 12

At face value:
- Overall no alarm bells
- Current ageing better than 'worst', but
- Unsecured Dec/Dec deterioration

Poor market data:
- Situation worsened in Q1 2013?
- % current impacted by high credit growth?
  If so, expect ageing to worsen as growth slows

Source: National Credit Regulator

TRADE RECEIVABLES - A MORE CAUTIOUS APPROACH

What we said

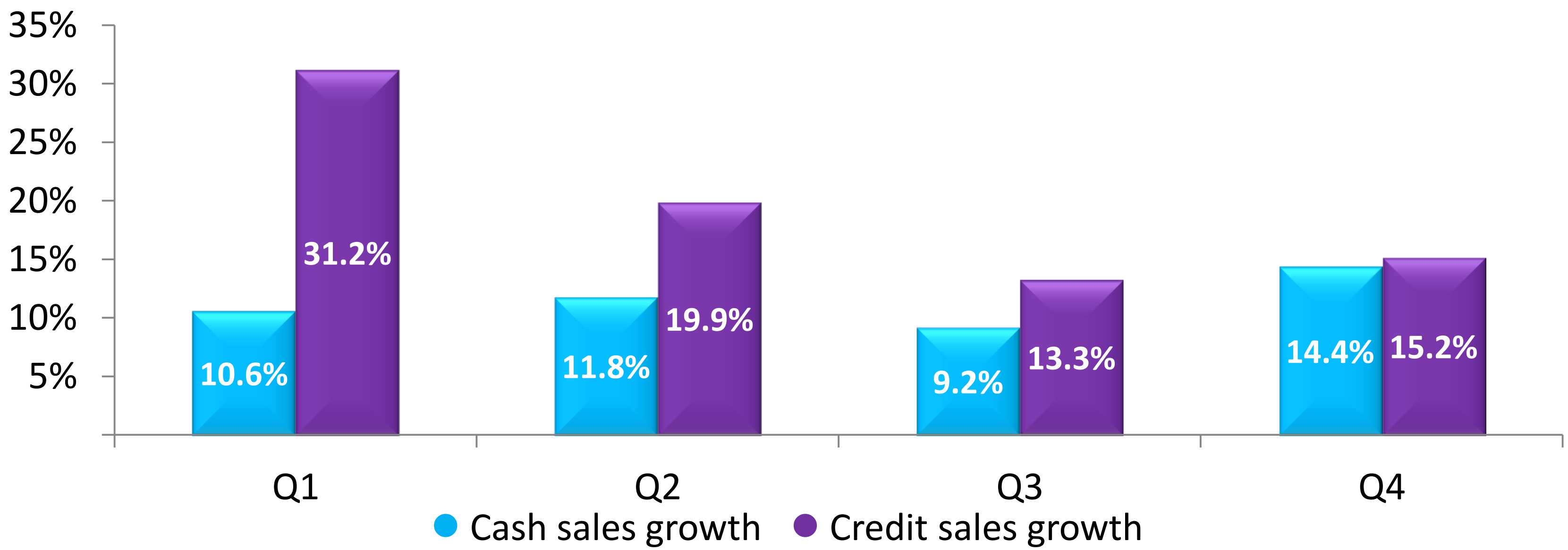
- Good ageing profiles of credit in RSA at June. Unsecured, dropped 2%, not a problem, unless start of a trend
- Warning signs were there:
  - downside risks - slowing real wage growth, strikes, unemployment
  - high credit growth in Q3 FY2012 – market growth of 62% (MPC: 41%)
- MPC bad debts of 6.1%, expected ratio to worsen in 2nd half, but not >7%

What we did

- Restricted credit growth off a high base:
  - up to 50% of new campaign accounts opened on 6 month terms
  - reduced marketing campaigns by 13%, grew other channels by 12%
  - tightened credit scorecards and lowered new account limits by >20%
  - acceptance rate for new accounts dropped from 40% to 33%
  - sacrificed some top line growth - focused on preserving our cash model
  - cash sales to constitute at least 75% of total sales in medium to long term

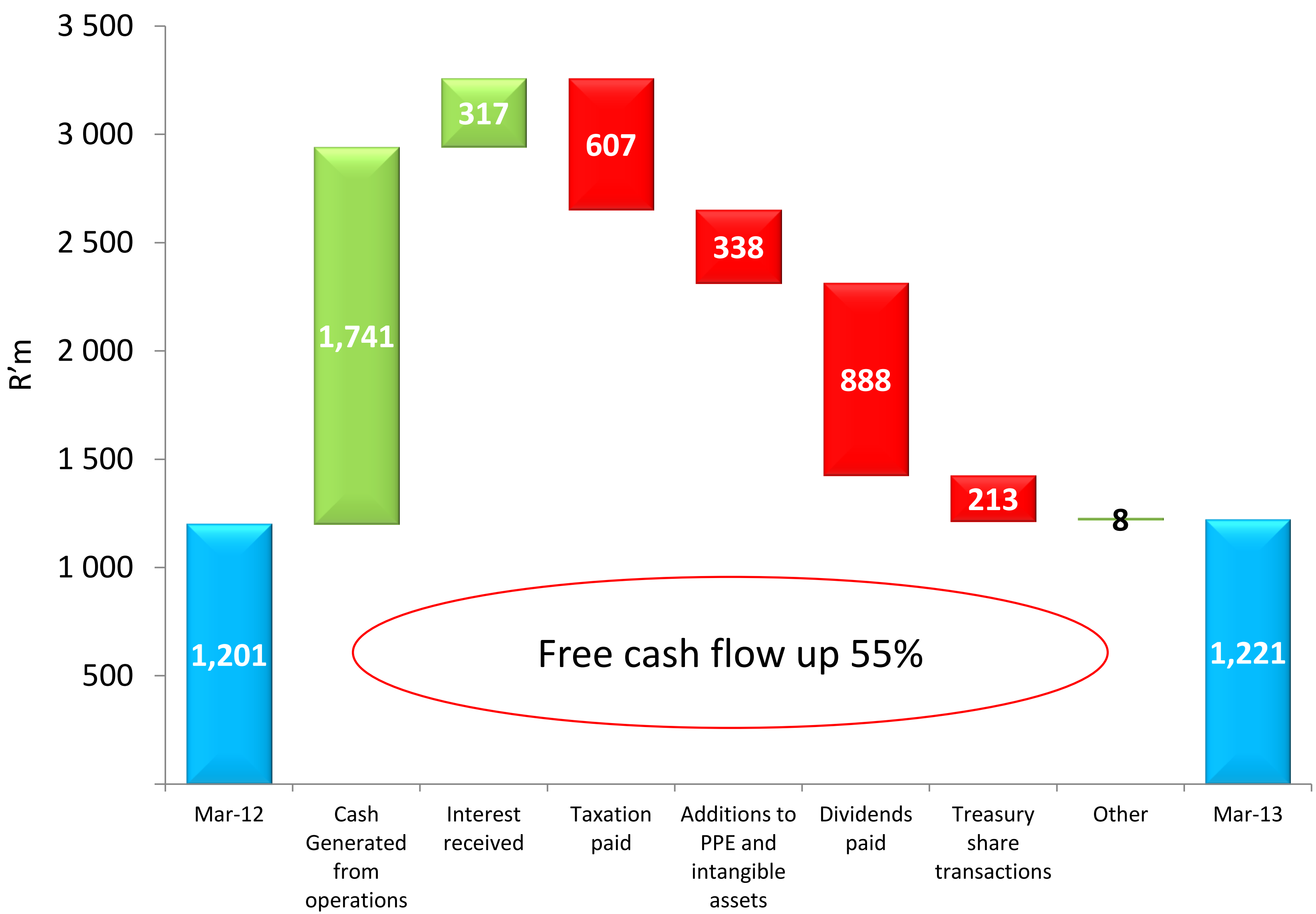
TRADE RECEIVABLES

	2013	2012	% change
Gross trade receivables	1 550m	1 208m	28.4%
Active accounts	1 308 k	1 187 k	
Credit sales contribution	19.6%	18.6%	
Net bad debt as % of debtors	6.5%	3.9%	
excluding festive season 2011 campaign	5.3%	-	
Impairment provision	9.0%	9.3%	
MPC still cleanest book in the industry*			



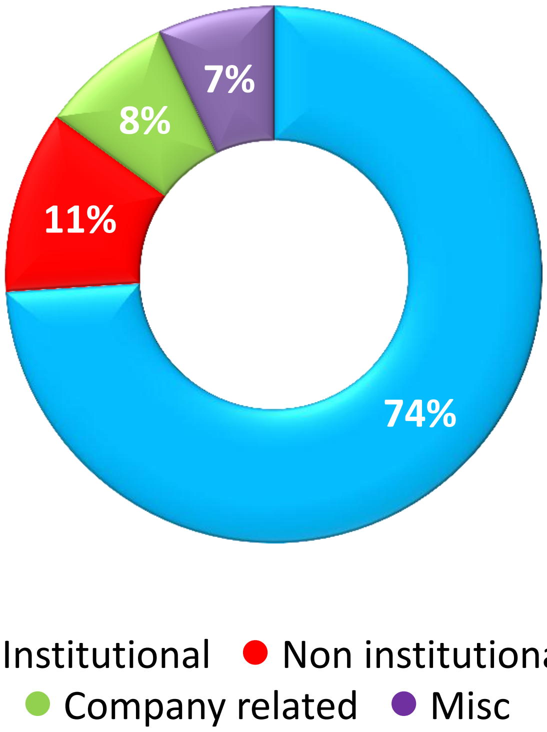
* Per Principa

HIGHLY CASH GENERATIVE BUSINESS MODEL

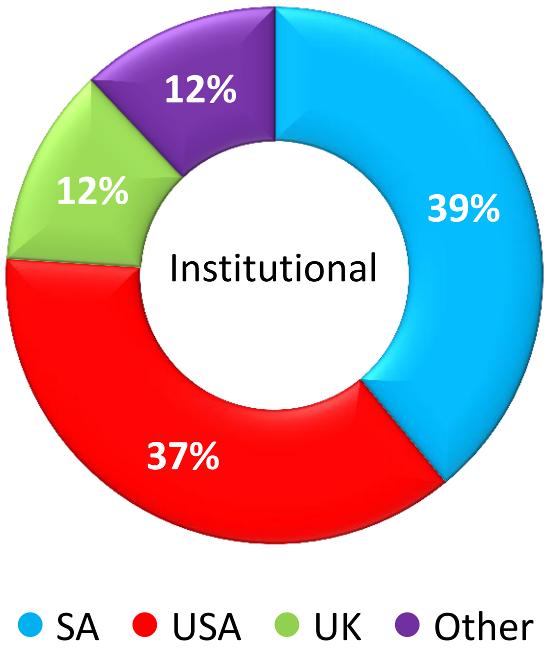


INCREASING FOREIGN SHARE OWNERSHIP

Composition

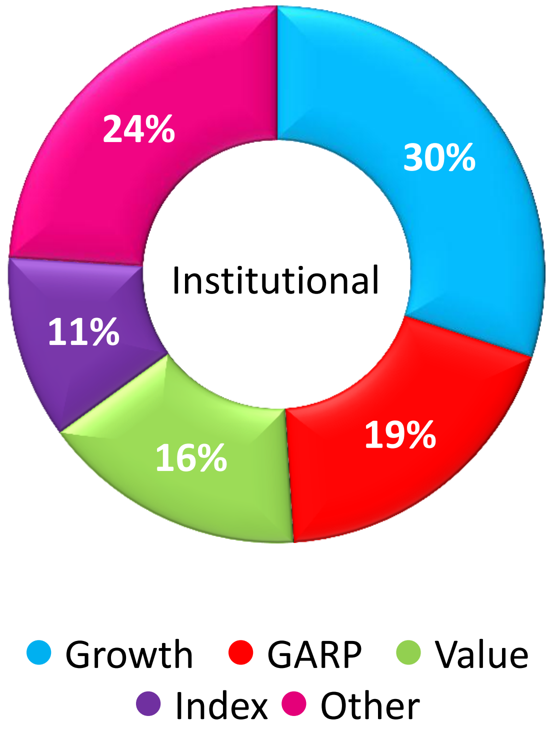


Geography



	2013	2012	2011
South Africa	55%	64%	71%
International	45%	36%	29%

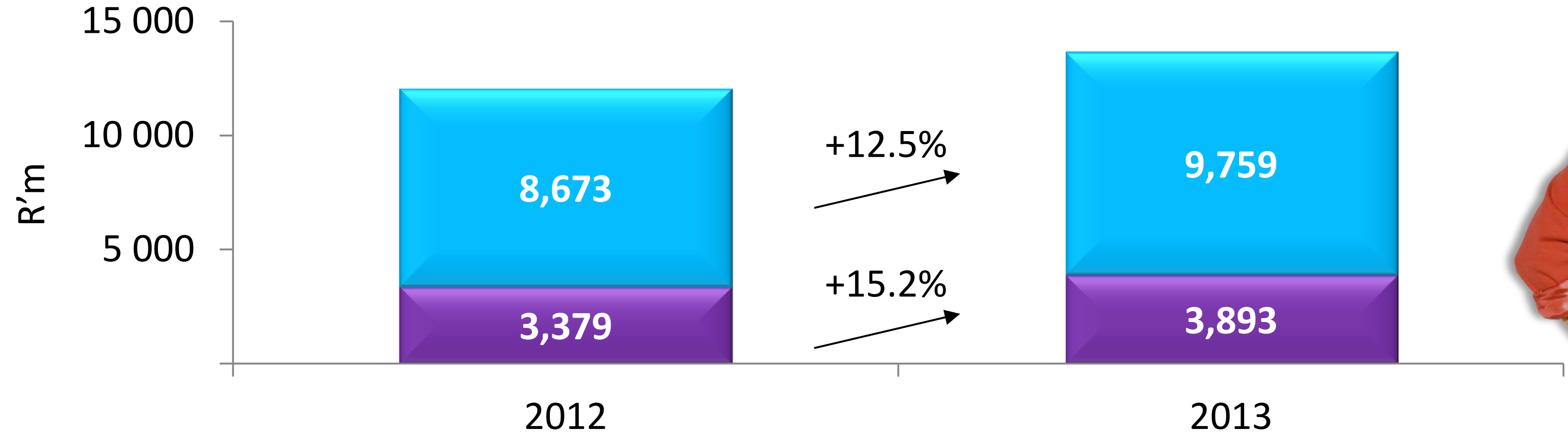
Investment style



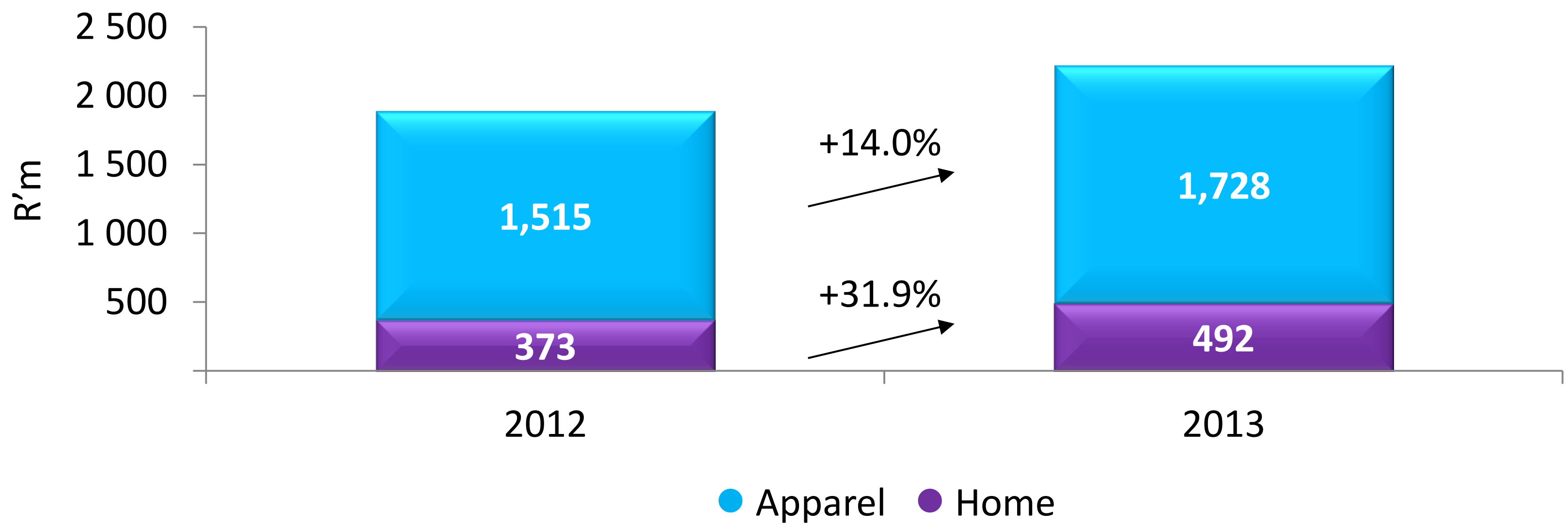
DIVISIONAL PERFORMANCE & STRATEGY

SEGMENTAL PERFORMANCE

Retail sales and other income



Operating profit

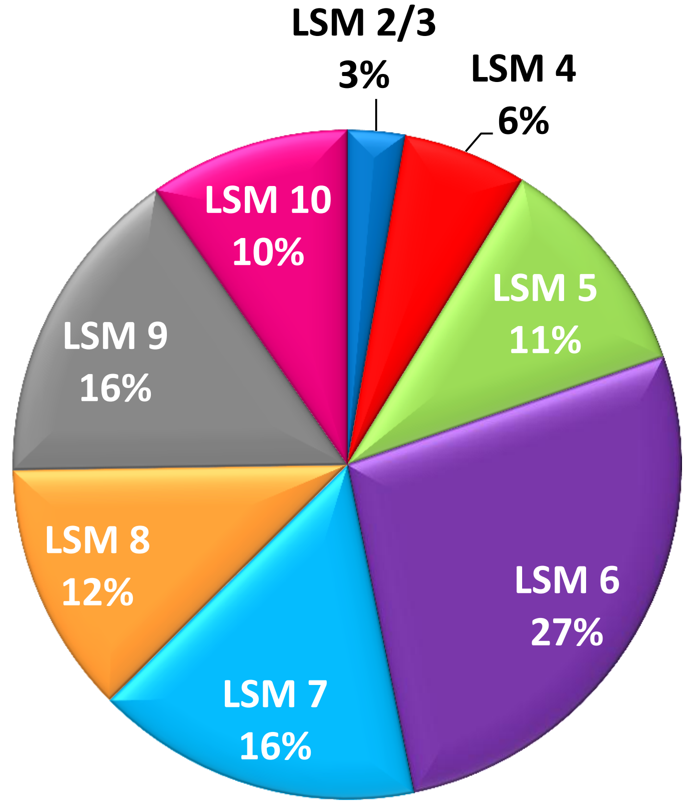


MR PRICE APPAREL

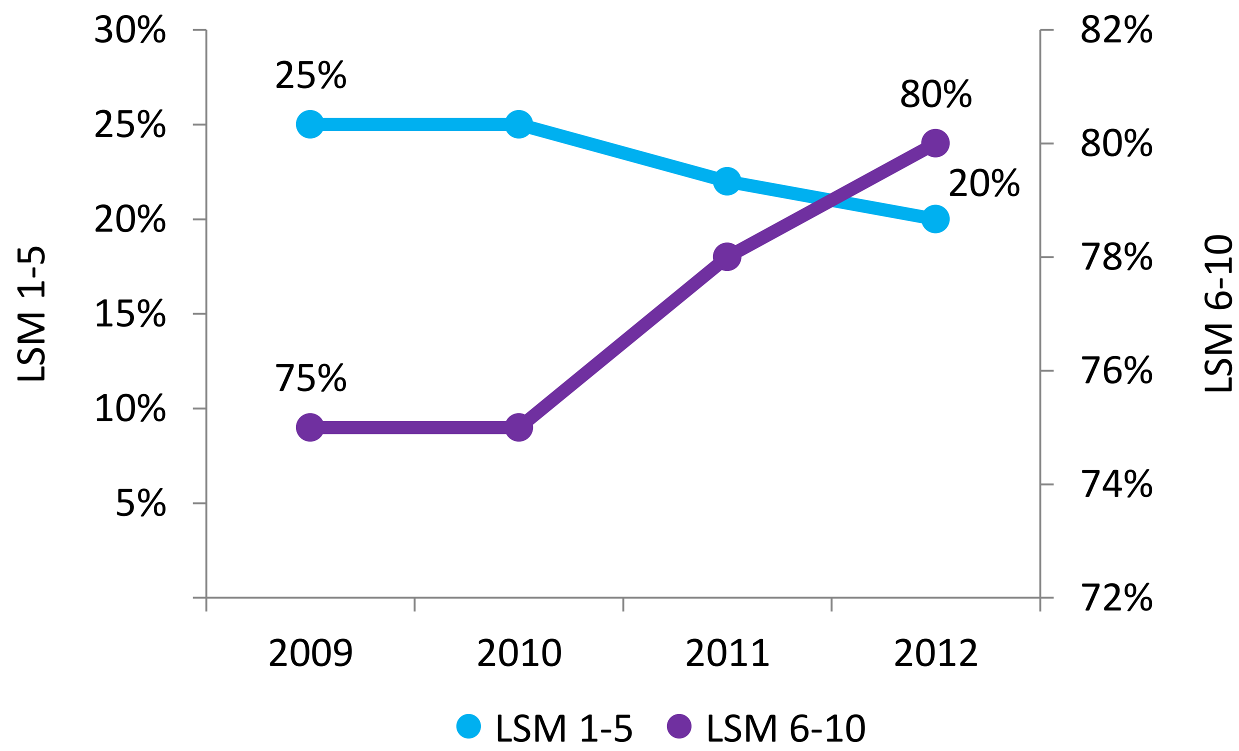
	2013	2012	% change
Retail sales	R7.2 bn	R6.5 bn	10.5 %
Comparable sales - 1st half			5.0 %
- 2nd half		Q3: 1% Q4: 6%	2.9 %
Unit sales			6.0 %
RSP inflation			4.0 %
Weighted average space growth			7.5 %
Trading density	R31 466 m^{-2}	R30 614 m^{-2}	2.8 %

- Opened 31 stores, including Ghana (1) and Nigeria (2)
- Underperformed in Q3:
  - kids understocked due to supplier and internal issues
  - footwear, underwear and sleepwear assortment issues – expected more growth
  - most impacted by more cautious credit approach
- Recovered in Q4. Increased annual profit despite investing for future growth
- Q3 sales opportunity in FY2014
- Successful:
  - launch of e-commerce (page 34)
  - test of West African markets (page 37)

MR PRICE APPAREL - OUR CUSTOMERS



Strong representation of customers in target market LSM 6-10



- Attracted higher LSM customers
- Misconception that the Company's customers are at the lower LSM levels

MR PRICE SPORT

	2013	2012	Growth
Retail sales	R843 m	R686 m	22.9 %
Comparable sales - 1st half			14.5 %
- 2nd half			9.9 %
Unit sales			14.1 %
RSP inflation			7.7 %
Weighted average space growth			4.0 %
Trading density	R17 678 m^{-2}	R14 963 m^{-2}	18.1 %

- Opened 7 stores producing contribution of 18.8% and ROGA of 60.2%
- Space reductions continue to be successful – 4 in current year
  - space reduced by 42%, increased sales by 8% and profit by 69%
- Ideal store sizes are 750m²-800m² and 1000m²-1200m², majority of stores now within these ranges
- Maxed Elite and Trail Tech apparel working well
  - Maxed Elite marathon running shoes to be worn by sponsored runners and launched at Comrades Marathon

MILADYS

		2013	2012	Growth
Retail sales		R1.3 bn	R1.1 bn	13.0 %
Comparable sales	- 1st half			18.5 %
	- 2nd half			8.2 %
Unit sales				12.2 %
RSP inflation				0.5 %
Weighted average space growth				(2.5 %)
Trading density		R20 794 m^{-2}	R17 950 m^{-2}	15.8 %

- Strong performance in outerwear categories (70% of sales) market share increased from 4.8% to 5.2%
- There are still opportunity departments where we plan to capture market share
- Lowest markdowns in history
- Record sales, improved gross margin and excellent cost control resulted in highest operating profit to date
- Results of market research extremely positive
  - number of customers 35-49 age group up 9%
  - highest growth in recall of all competitors

MR PRICE HOME

	2013	2012	Growth
Retail sales	R2.6 bn	R2.3 bn	15.6 %
Comparable sales - 1st half			11.5 %
- 2nd half			13.1 %
Unit sales			8.0 %
RSP inflation			7.0 %
Weighted average space growth			0.9 %
Trading density	R18 820 m^{-2}	R16 426 m^{-2}	14.6 %

- Strong sales growth
  - mainly comp due to good merchandise at right price points
  - all departments performed well
- Per AMPS:
  - number of customers increased by 18%
  - majority of growth in black customers, who represent ±60% of total
  - 95% of customers are in LSM 6-10, and 65% in LSM 8-10
- 4 stores reduced space by 29% - increased sales by 1% and profits by 26%. Ongoing opportunity (page 36)

SHEET STREET

	2013	2012	% change
Retail sales	R1.2 bn	R1.0 bn	13.8 %
Comparable sales - 1st half			9.7 %
- 2nd half			5.9 %
Unit sales			6.8 %
RSP inflation			6.6 %
Weighted average space growth			3.0 %
Trading density	R24 469 m^{-2}	R22 149 m^{-2}	10.5 %

- Product rationalisation
  - Consistency of design
  - Good, better, best price points
- Opened 25 stores and closed 6
- New stores well ahead of feasibility (sales and profits)
  - density of R20 638m^{-2}, above divisional average
  - ROGA of 141%
- 44 stores in new look, 80 by end of FY2014

FIX, INVEST, GROW

2010	2011	2012	2013	2014	2015	2016	2017

Business in 'fix up' mode

Invest in Systems, Logistics, Suppliers

Growth Phase

FIX

Objective

- Address areas of weakness and opportunity, particularly in the under-performing divisions
- Capture local market share, improve trading densities and increase operating margin %

INVEST

Objective

- Enhanced processes, systems and infrastructure to support the next phase of growth

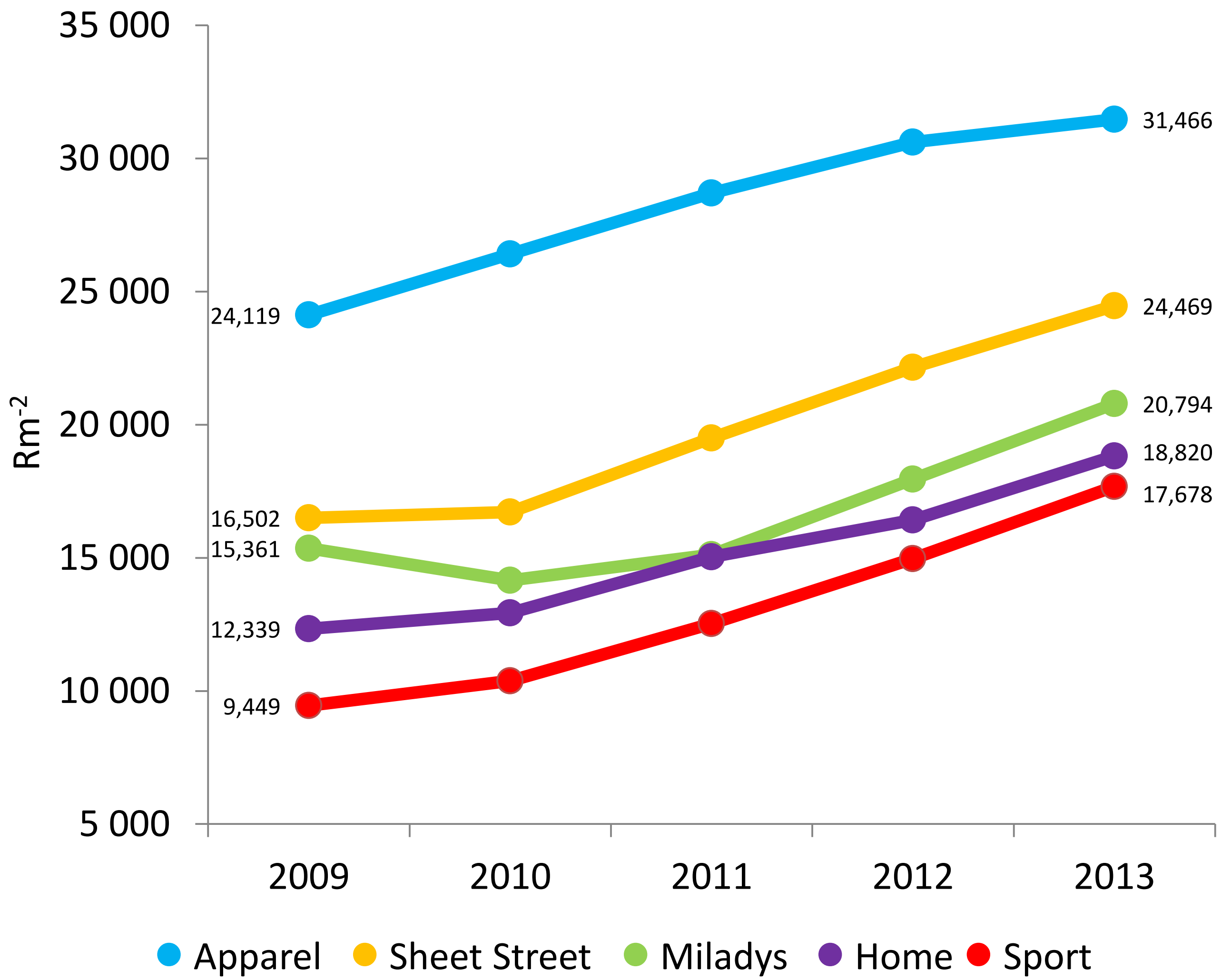
GROW

Objective

- To be an internationally competitive multi channel retailer, with robust topline growth and foreign revenue increasing at a higher rate than locally

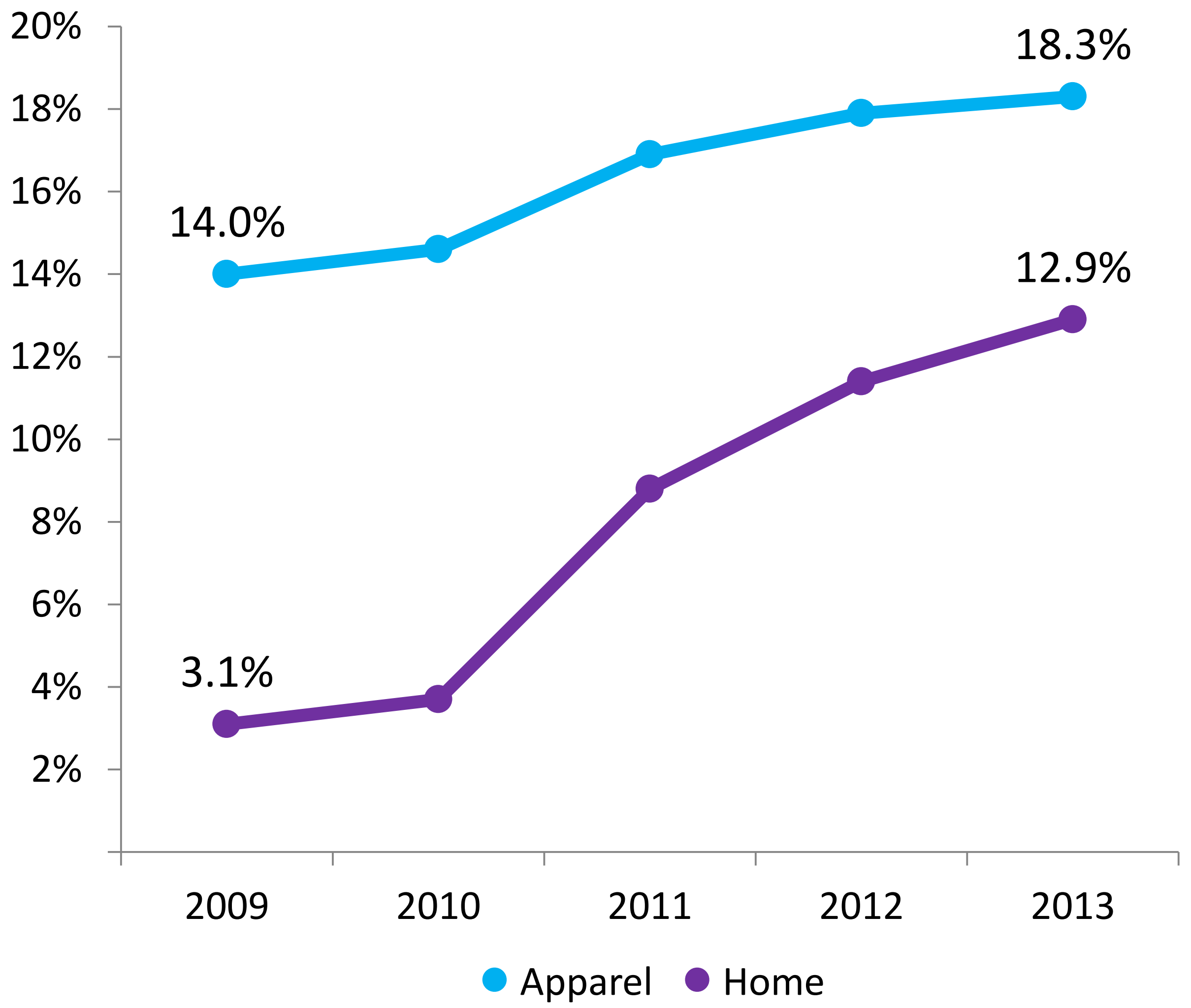
Extend our track record of HEPS growth of CAGR >20%

FIX - IMPROVE TRADING DENSITIES



- Required high proportion of executive involvement
- Strengthened divisional management teams
- Well on track to achieve medium term targets
- Total trading density improved by 43.2% over the period
- Densities of underperforming chains are up 49.9% - further gains are planned
- Executive time now more focused on strategic issues

FIX – INCREASE OPERATING MARGINS



- Defined the customer and their requirements
- Improved merchandise assortments and communication of value
- Closed Home Kids and Miladys René Taylor stand alone stores
- In last 3 years:
  - closed 84 underperforming stores
  - reduced oversized stores by 22 000m^2 (Miladys, Home & Sport)
- Improved inventory management – 2009-2013 inventory up 23.5% vs. increase in sales of 62.0%
- More stringent store feasibility process
- Higher medium term targets set (page 35)

INVEST - SUPPLY CHAIN

Objectives

- Greater transparency of production pipeline to enable increased flexibility
- Improve on-time and in-full deliveries
- Consolidate inventory at source, deliver straight to end market, avoiding unnecessary handling and double duty
- Improve efficiency by eliminating duplicated costs in supply chain

Progress

- Strengthened relationships with 10 key suppliers
- Using 3 consolidation centres in the East - 3 million units in FY2013
- Increased factory direct sourcing by 38% in rand terms
- Dependence on China further reduced in favour of Southern African suppliers, which increased by 12.4% in rand terms
- Acquired land for new distribution centre, expected completion July 2015

INVEST - SYSTEMS

Objectives

- New ERP and planning system required to support local and international growth
- Improved business processes

Progress

- Business processes reviewed and refined
- Oracle ERP selected and contractual terms finalised
- Implementation to commence in smaller test division - Mr Price Sport to be completed by May 2014
- Expect total project completion in 2 years

New distribution centre and ERP system will require capital expenditure of R1 billion over next 3 years:

2014	28%
2015	68%
2016	4%

GROW

Vision

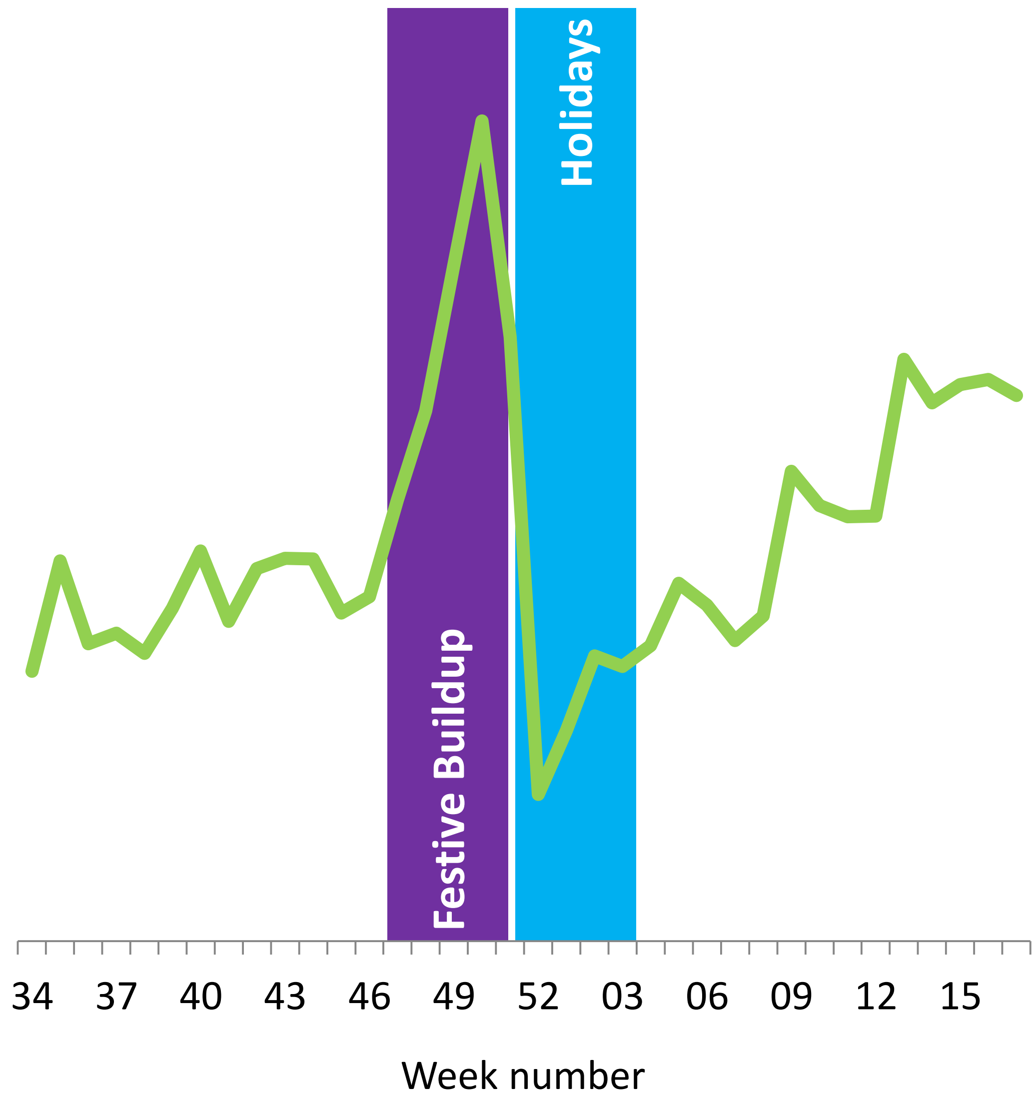
- To be a top performing international retailer

Objectives

- Invest in and continue to grow home base – a solid foundation to finance the ‘invest’ and ‘grow’ phases of our strategic plan
- Expand internationally through multi channel approach:
  - reduce dependence on one market, which represents 95% of group sales
  - extend track record earnings and dividend growth

GROW - RSA

- mrp.co.za launched July 2012 – omni channel, multiple payment mechanisms
- Developed online capability locally before expanding internationally
- Annualized sales already equivalent to a large Apparel store
- Basket size of R398 and 5 units higher than Apparel store average of R196 and 3 units
- Most searched for retail brand on Google South Africa in 2012
- In total 3 million views, conversion rate (to sales) higher than that of developed countries
- Roll out of Home, Sheet Street and Sport in the next 12 months



GROW - RSA

PRICE MIX

- Following price point and assortment study, opportunity for increased proportion of merchandise at existing higher price points

EFFICIENCIES

- Labour scheduling to be rolled out to all stores by festive 2013
- Ongoing tender process for major costs
- Review of sport sponsorships

MARGINS

- Medium term targets
  - Sheet Street, Home, Sport >15%
  - Miladys >20%
  - gain in Apparel, but less pronounced

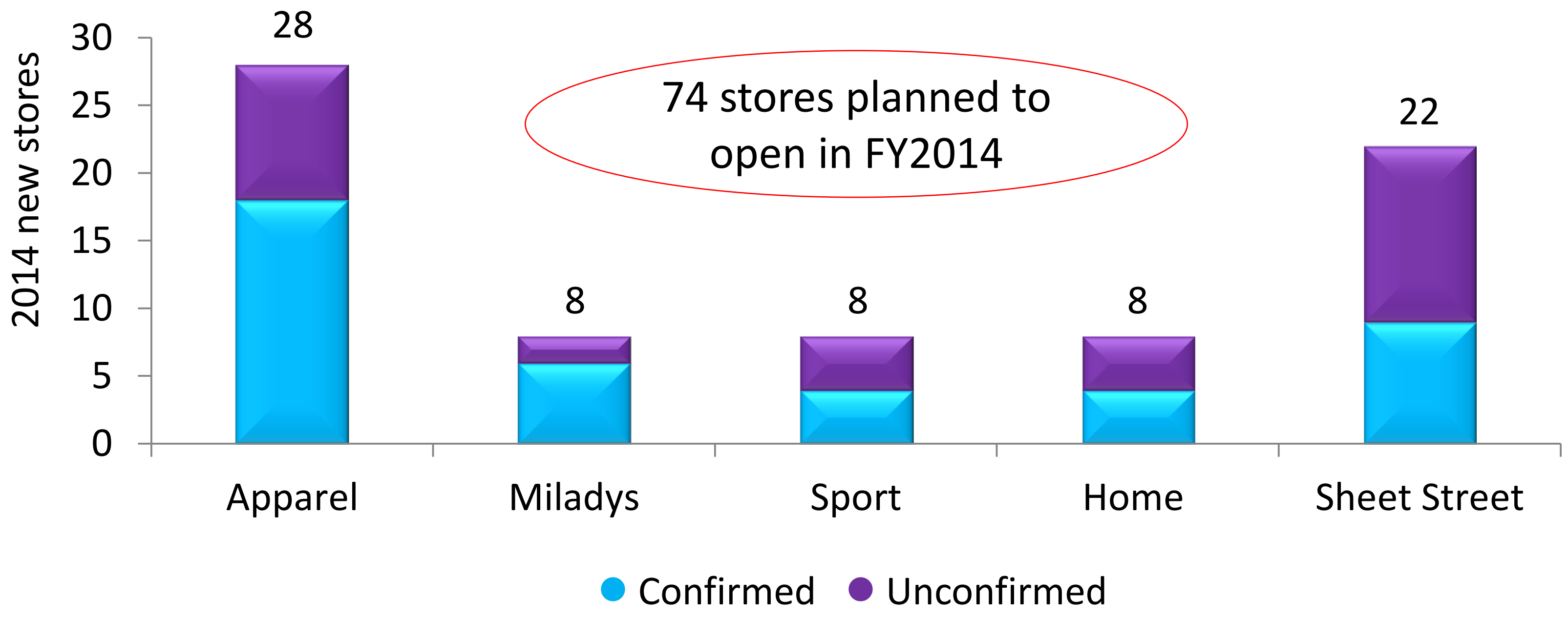
NEW OPPORTUNITIES

- Due diligence phase of possible Financial Services joint venture

GROW – RSA

SPACE

- Target new space of 5% pa. Open >200 stores (70 000 m^2) in the next 3 years
- Planned reductions of oversized stores of 20 000m^2 over next 3 years (60% relates to Home)
- Target rental negotiations



GROW - INTERNATIONAL

FRANCHISE	• 26 stores in 9 countries • Grew sales by 10%, but positive momentum since December • Plan to acquire key markets, subject to franchise approval and valuation
OWNED	• Ghana (1 store) and Nigeria (3 stores) performing well – double digit operating margin planned for FY2014 • Nigeria – since the half year opened - Surulere (November 2012), Ibidan (April 2013) and Abuja planned for June 2013 • Ghana – Westfields Mall planned to open March 2014 • Currently reviewing another 6 possible sites
ONLINE	• Key enabler in foreign markets where: – available space a constraint – high rental costs and landlord influence • Avoids costly investment in tests in new markets • Acquired domain mrp.com and opening site globally in May 2013 • Initial soft launch, affiliate marketing to follow

Record capital expenditure of R2.5 billion is planned over the next 5 years as the group embarks upon its next phase of growth

THANK YOU

Mr Price Group Limited

Mr Price

MILADYS

Mr Price SPORT

sheet street
loving your home!

Mr Price HOME