annual results presentation

MARCH 2014

mr price group limited

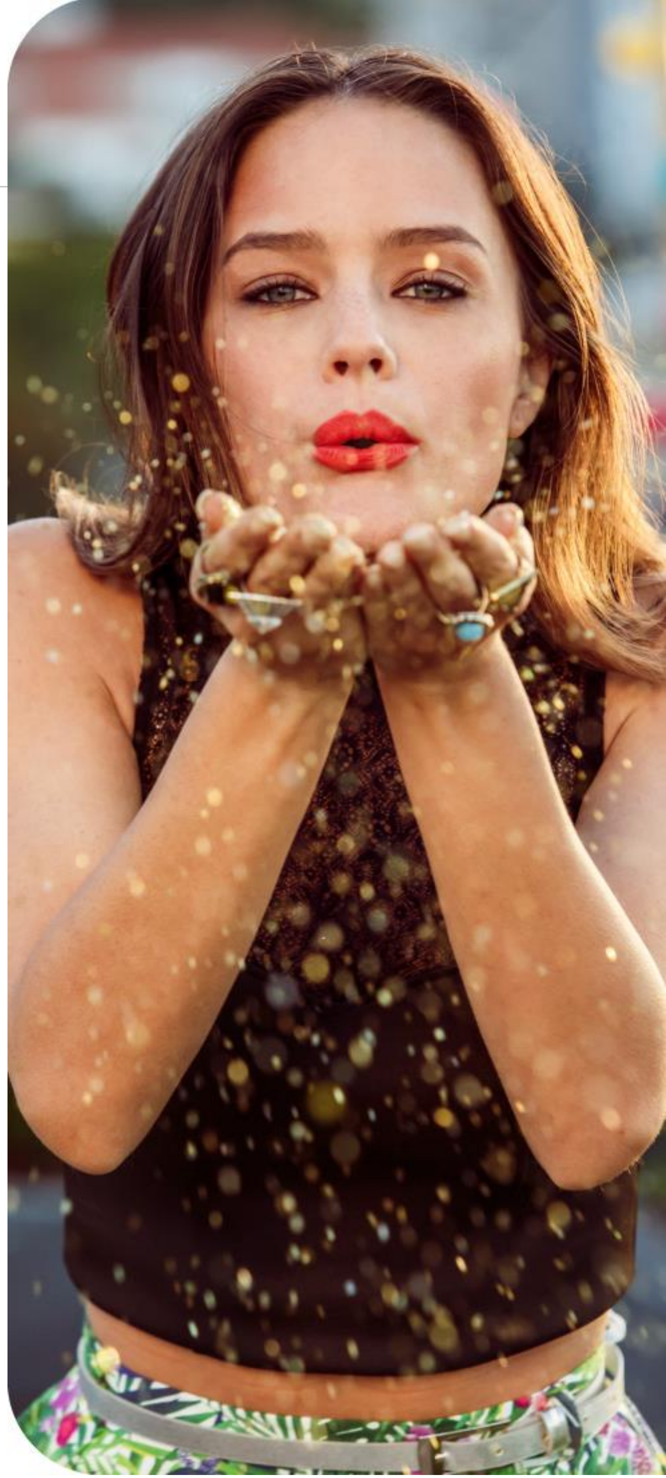
who we are

A high growth, omni-channel, fashion value retailer

- Targeting younger customers in the **mid to upper LSM categories**
- Retail predominantly **own branded merchandise**
- **+80%** of sales are for cash
- **1 079 stores & online channels** offering full product assortments
- 28 year CAGR in HEPS & dividends **+20%**
- **Market capitalisation of R39bn,** ranked 42nd on JSE
- Included in **MSCI Emerging Markets Index**
- **50% of shares** held by **international investors** (USA 23%, UK 13%)
- **3rd in Financial Mail Top Companies 2013** & 6th in Sunday Times Top 100 Companies
- **Finalist in World Retail Awards** 'Emerging Market Retailer of the Year' 2013

solid performance
in a tough retail environment

revenue	R15.9bn	+15.2%
operating profit	R2.5bn	+22.6%
operating margin	16.7%	+110bps
diluted headline earnings per share	715.1c	+22.4%
dividends per share	482.0c	+21.1%



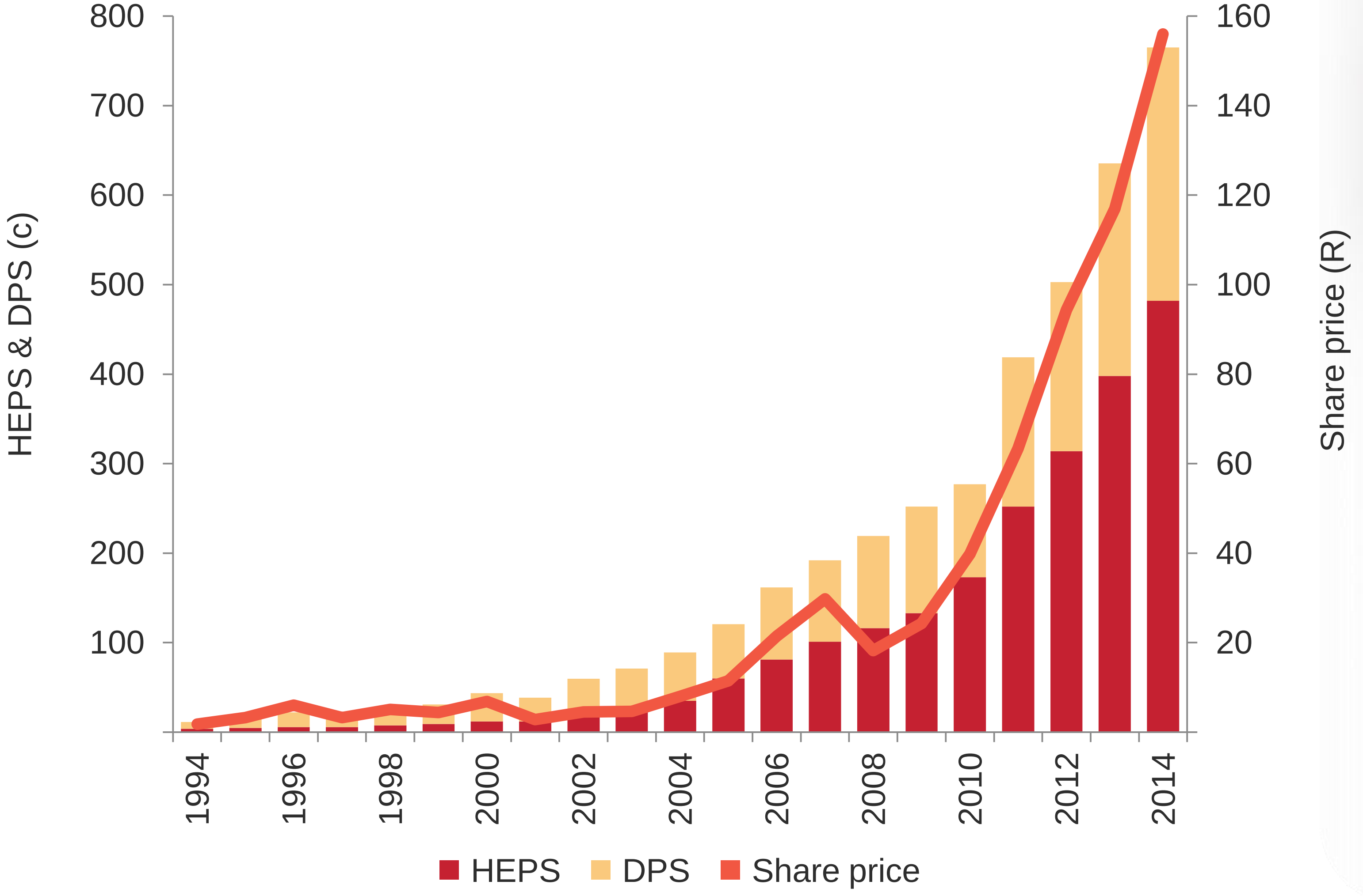
earnings & dividends per share

	2014	2013	% change
Earnings per share			
- Basic	757.1c	626.5c	20.8%
- Headline	765.1c	634.8c	20.5%
- Diluted headline	715.1c	584.2c	22.4%
Consensus estimates			
- i-Net	709.0c		
- Bloomberg	713.8c		
Dividends per share			
- Interim	168.0c	133.0c	26.3%
- Final	314.0c	265.0c	18.5%
- Annual	482.0c	398.0c	21.1%
Consensus estimates (avg)	480.3c		
Payout ratio	63.0%	62.7%	

- Continue to more closely align interim & annual dividend payout ratios:
  - interim ratio increased from 52.5% to 55.1%
  - final dividend growth therefore slightly lower than 2^{nd} half HEPS growth
- Payout ratio expected to remain at 63% during investment phase
- Since the change in control in 1986 dividends have never decreased

strong track record of growth

COMPOUND ANNUAL GROWTH RATE						
28 years	HEPS:	23.4%	DPS:	25.2%	SP:	27.1%
10 years		24.0%		30.0%		34.7%
5 years		24.9%		29.4%		45.1%



2014 group income statement

	2014 R'm	2013 R'm	% change Annual	% change 2nd half
Retail sales & other income	15 829	13 744	15.2%	15.3%
Cost of sales	8 907	7 744	15.0%	15.8%
Selling expenses	3 354	2 996	11.9%	10.0%
Administrative expenses	1 031	935	10.3%	9.6%
Profit from operating activities	**2 537**	**2 069**	**22.6%**	**22.5%**
Net finance income	63	56	12.6%	(5.3%)
Profit before taxation	**2 600**	**2 125**	**22.4%**	**21.8%**
Taxation	733	591	24.0%	25.1%
Profit after taxation	**1 867**	**1 534**	**21.7%**	**20.5%**
Loss attributable to minorities	1	-		
Profit attributable to shareholders	**1 868**	**1 534**	**21.8%**	**20.6%**

- 2013 restatement:
  - net airtime income re-classified, impacted other income & cost of sales
  - adopted new IFRS10 for insurance cell captives, reduced headline earnings by R2.8m
- Taxation increase impacted by CGT release in PY. Effective tax rate 28.2%

revenue analysis

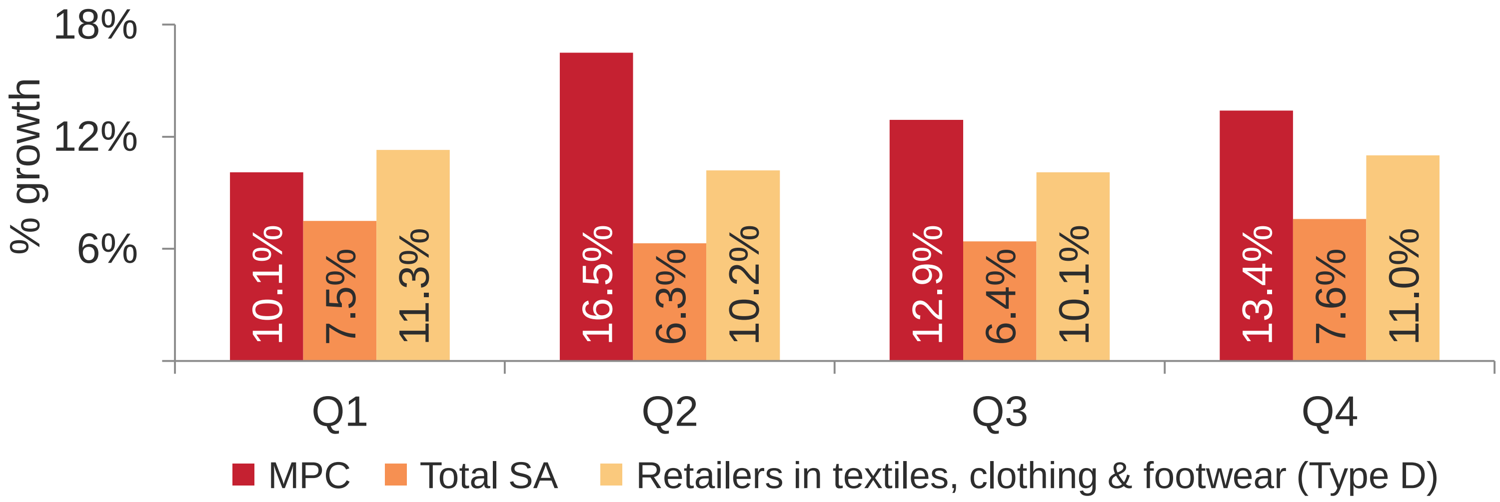
	2014 R'm	2013 R'm	% change
Retail sales			
SA - bricks	14 065	12 441	13.1%
- online	45	14	230.2%
Non SA - bricks - corporate owned	1 005	717	40.2%
- franchise	103	94	9.2%
- online	9	-	
Total retail sales	**15 227**	**13 266**	**14.8%**
Financial services	583	455	27.8%
Other sundry income	19	23	(17.1%)
Total other income	**602**	**478**	**25.9%**
Total retail sales & other income	**15 829**	**13 744**	**15.2%**
Net finance income	63	56	12.6%
Total revenue	**15 892**	**13 800**	**15.2%**

- Comparable sales growth of 10.6% (9.7% 1st half, 11.3% 2nd half)
- Strong growth in new channels & markets:
  - Growth excluding traditional SA bricks of 40.9%
  - Key markets of Nigeria & Ghana up 98.2%
  - Sales to non-SA customers 7.3% of Group sales (PY 6.1%)

sales growth outperforming the market

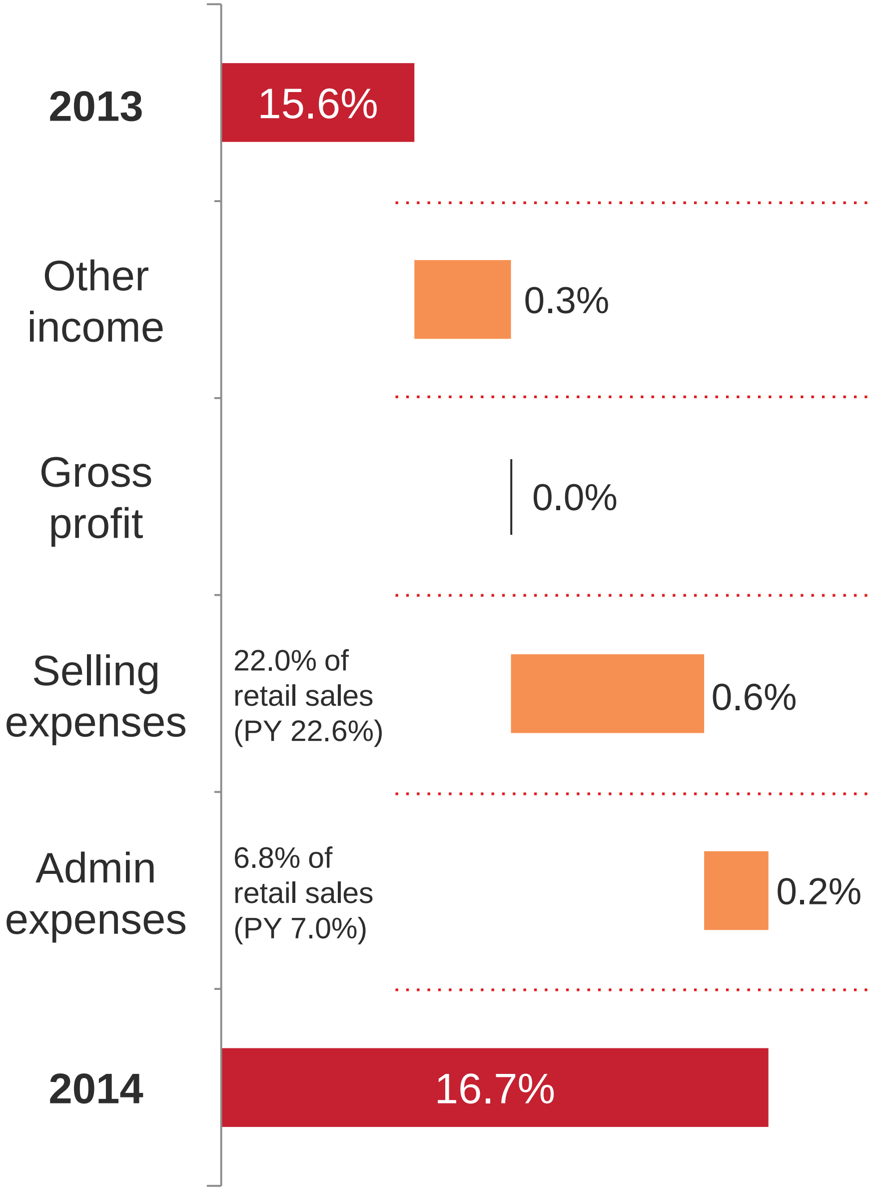
	2014	2013	% change
Units sold	216.9m	206.8m	4.9%
New stores opened	68	77	
Net new stores (after closures)	50	67	
RSP inflation (price 5.3%, mix 4.4%)	9.7%	5.1%	
Weighted average space growth	3.4%	3.7%	
Space growth in stores & expansions	4.8%	4.8%	

South African retail sales (per Stats SA, includes total online sales)



- Annual MPC growth 13.4%, higher than total SA (6.9%) & Type D (10.6%)
- Good performance considering weak local consumer environment & planned slowdown of credit

continued improvement in operating margin



- Debtors interest & fees R316m,+19.2%
- Insurance products R147m, +38.1%
- Airtime sales R120m, +41.7%

Refer pg 6

- Merchandise GP 42.2% & net of airtime 42.0% in both years
- Gains in Apparel & Home offset by decrease in Miladys
- 2nd half margin 42.6% up on 1st half 41.7%, down on 2nd half PY 43.0%

- Store employment costs up 9.2% (gross new space added 4.8%)
- Rentals up 11.9% (space growth, annual escalations, turnover rentals)
- Net bad debt increased by 17.8%
- Human Capital Management & E-Commerce systems

- Investment in merchandise trending & online teams
- Higher incentives – strong performance by 2 biggest divisions
- Higher share based payments & new FSP schemes

financial position

R'm	2014	2013
Non-current assets		
Property, plant & equipment	718	660
Intangible & other assets	419	267
Current assets		
Inventories	1 403	1 236
Trade & other receivables	1 673	1 513
Reinsurance assets (cash)	98	72
Cash & cash equivalents	2 252	1 150
	6 563	4 898
Equity attributable to shareholders	3 922	3 309
Non-current liabilities	220	206
Current liabilities	2 421	1 383
	6 563	4 898

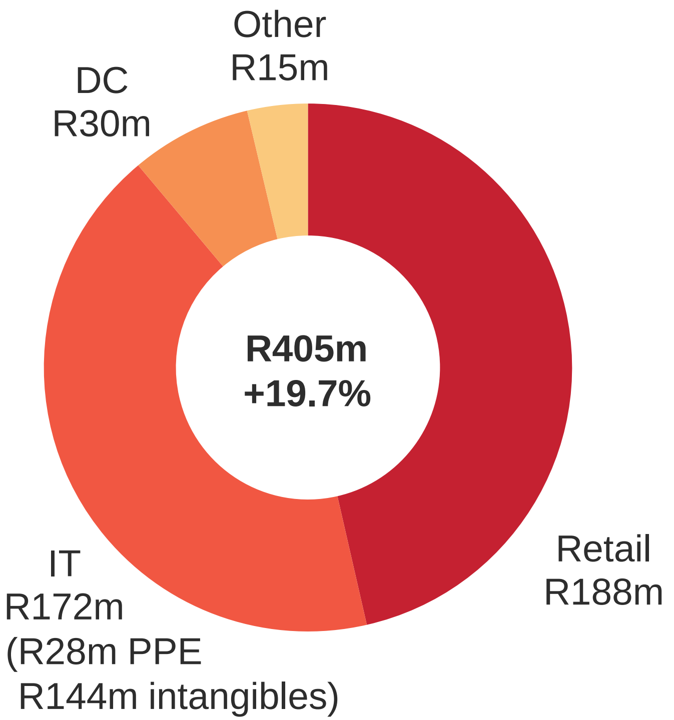
Reclassification of comparatives (IFRS10) not material

ppe & intangibles

R'm	Total	PPE	Intangibles
Opening	765	660	105
Additions	405	253	152
Disposals/impairments	(46)	(34)	(12)
Depreciation/amortisation	(191)	(161)	(30)
Closing	933	718	215

Licences
ERP
E-Commerce
E-Learning

Total Additions



Retail capex split

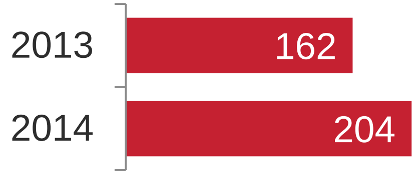
Divisional

Space

Capex planned (R'm)	2015	2016	2017
ERP system	113	10	-
New distribution centre	175	864	16
Total capex for 2015	608		

significant balance sheet items

Other non-current assets (R'm)



25.1%

- Increase in deferred tax assets of R18m relating to provisions
- Defined benefit pension fund asset +R25m

Inventories

13.5%

- Gross inventory up 12.3%, lower than sales growth of 14.8%
- Stock turn improved from 6.4 to 6.8 times
- Stock is in good shape for the new year

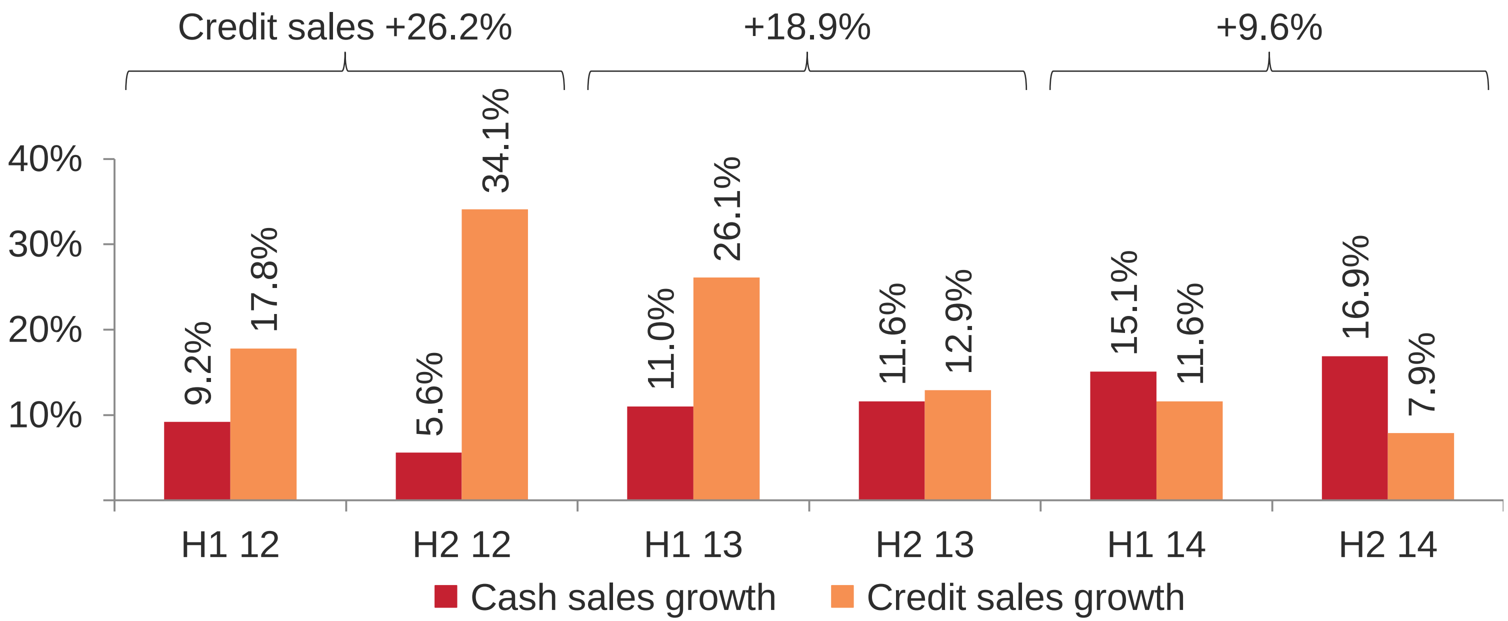
Current liabilities

75.1%

- Trade payables up 74.9% due to timing of creditor payments
- Accruals & other payables up 34.8% - stock in transit, incentives & turnover rental accruals
- Tax liability of R295m paid after cut off date

trade receivables

	2014	2013	% change
Gross trade receivables	R1 754m	R1 550m	13.1%
Active accounts	1 375k	1 308k	5.2%
Credit sales contribution	19.2%	20.1%	
Net bad debt to book	7.6%	6.5%	
Impairment provision	9.8%	9.0%	
Proportion of book interest bearing	96.6%	95.0%	



state of the consumer

National Credit Regulator (movement y/y)

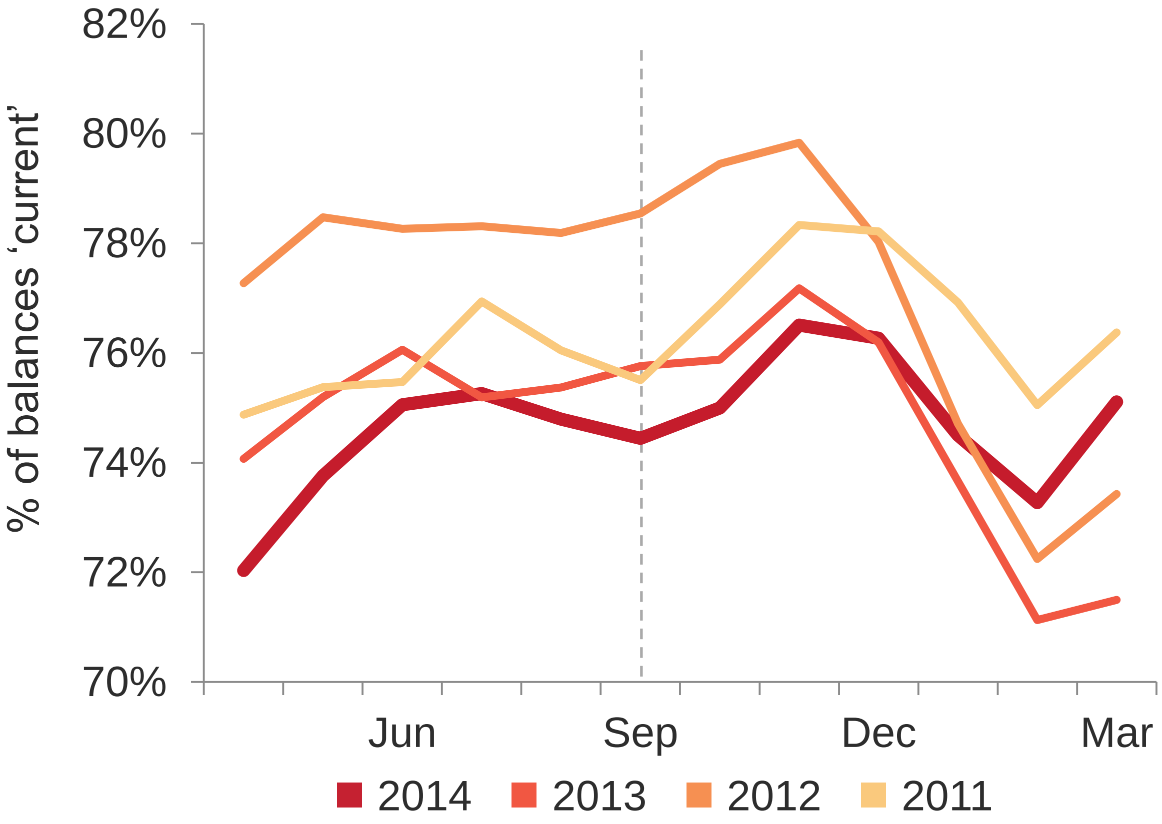
	Credit granted % growth	% current by value	% current change
Mortgages	21.4%	90.8%	1.6%
Secured	2.8%	91.1%	0.5%
Credit facilities	(2.5%)	82.9%	1.6%
Unsecured	(25.6%)	71.9%	(3.8%)

- Total credit granted in SA down 1.1% & gross debtors book up 5.3%
- Unsecured credit (12% of total SA debt) ageing profile deterioration partly due to reduction in credit extension
- TransUnion April ‘14:
  - slowdown in defaults (accounts >3 months in arrear) of 1.8% (y/y)
  - household cash flow at worst level since ‘09 - wage growth barely keeping up with cost increases

There is little to suggest economic conditions will improve & we will continue to be cautious in the credit environment in the year ahead

trade receivables positive signs in 2nd half

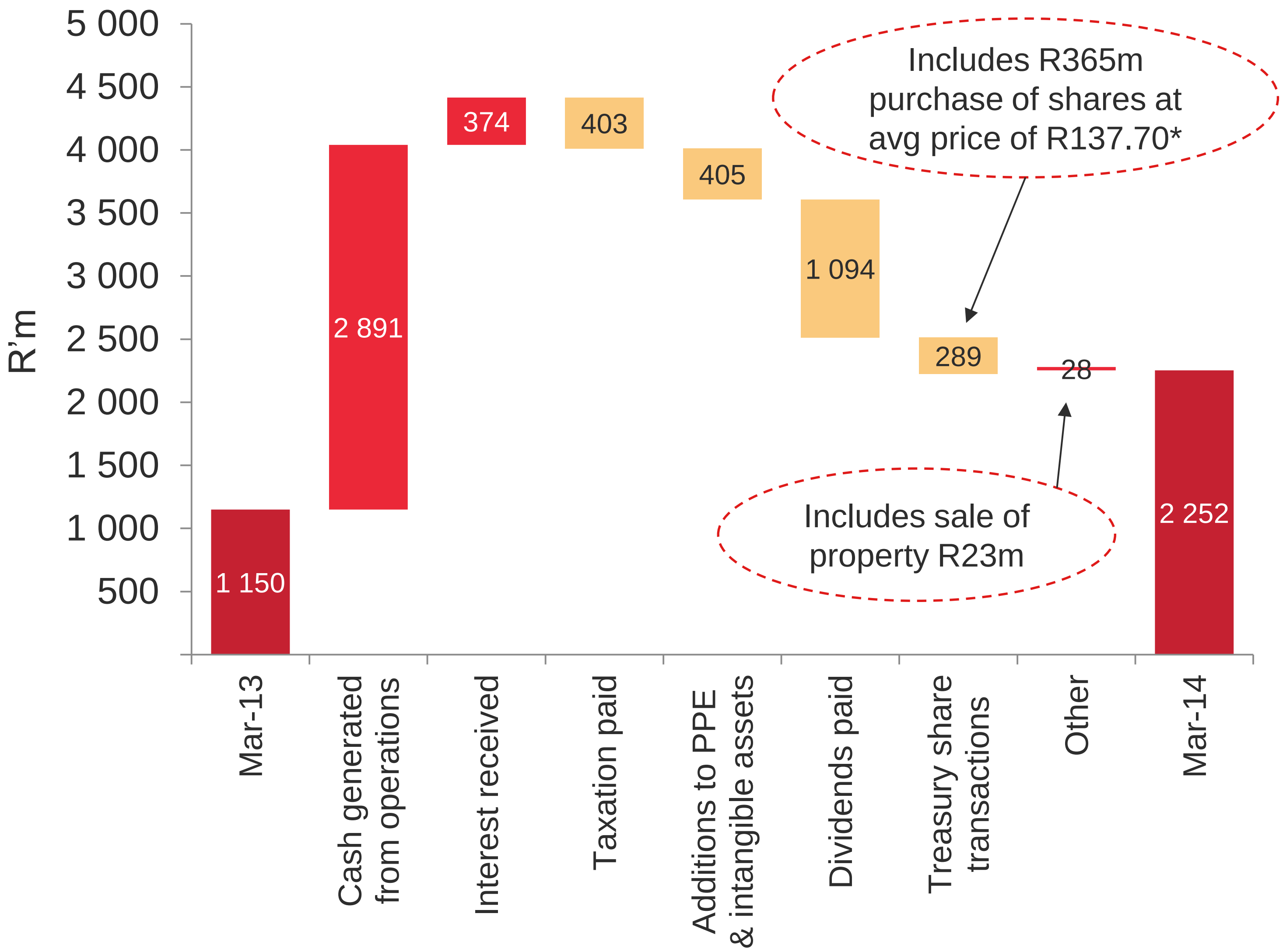
Focus on ‘through the door’ & ‘web’ credit applications is working. New accounts opened in last year performing significantly better than previously



- Seasonal drop in collections post festive season less pronounced in ‘14
- Poor quality of previous festive campaigns impacted subsequent ageing. Not expected to re-occur
- At year end 75.1% current, higher than half year
- April ‘14 now in line with April ‘11

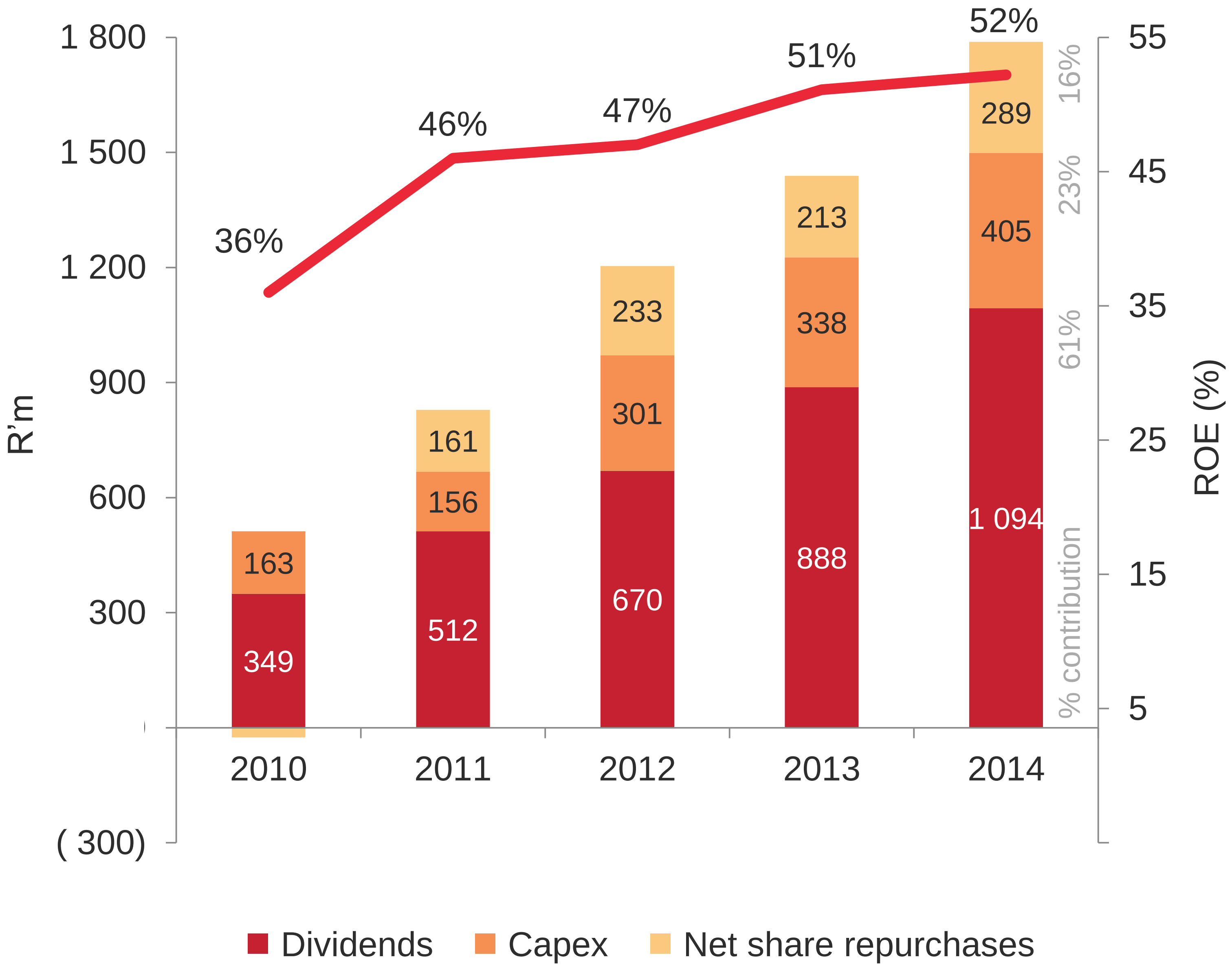
Encouraged by recent ageing trend, however bad debt performance is dependent on level of book growth & collections in an increasing interest rate cycle

highly cash generative business model



* Ongoing share purchase programme to satisfy obligations of share schemes. Commitments are 65% hedged at year end

capital allocation

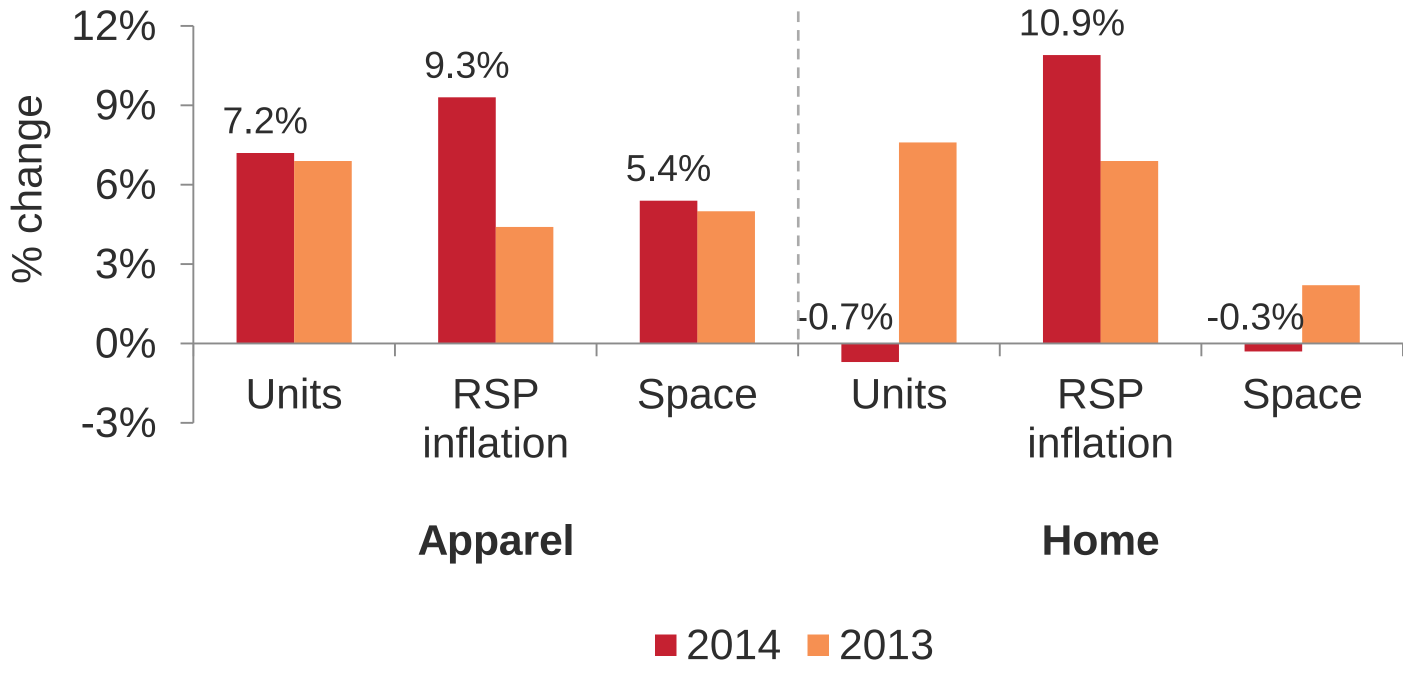


divisional performance

mr price group limited

segmental performance

	1st half	2nd half	Annual
Retail sales & other income			
Apparel	16.4%	17.4%	17.0%
Home	11.2%	9.4%	10.2%
Operating profit			
Apparel	18.9%	23.7%	21.7%
Home	27.0%	16.3%	20.2%



mr price

	2014	2013	% change
Retail sales	R8.6bn	R7.2bn	18.9%
Comparable sales - 1st half			10.3%
- 2nd half			15.3%
Unit sales			7.4%
RSP inflation			11.0%
Weighted average space growth			8.4%
Trading density	R34 507m^{-2}	R31 466m^{-2}	9.7%

- Opened 24 stores & closed 4 - annualised new store ROGA 90.6%. Expanded 16 stores - annualised marginal ROGA 99.2%
- In the last year increased market share from 10.5% to 11.4%
- Strong 2nd half on weak Q3 in PY, momentum continued into Q4
- At forefront of Group's expansion into new technologies, channels & markets
  - Online has positively impacted store sales performance
  - Mobile POS launched in December '13 to reduce peak period congestion
- RSP inflation due to like-for-like input price increase of 4.7% & improved markdowns & product mix of 6.3%

mr price sport

	2014	2013	% change
Retail sales	R962m	R843m	14.2%
Comparable sales - 1st half			9.5%
- 2nd half			4.0%
Unit sales			8.0%
RSP inflation			6.0%
Weighted average space growth			0.8%
Trading density	R20 036m^{-2}	R17 678m^{-2}	13.3%

- Opened 9 stores, increasing trading area by 6 050m². Closed 1 store & reduced surplus space by 1 981m²
- 6 new stores were smaller format (<650m²). Annualised ROGA of 86% highlights the opportunity for footprint expansion
- Seasonal sports private label brands performed well, but growth in branded merchandise slowed due to price inflation
- New resourcing approach enabled enhanced value of current in-house brands & further development of 'one-up' ranges

MILADYS

		2014	2013	% change
Retail sales		R1.4bn	R1.3bn	7.0%
Comparable sales	- 1st half			9.5%
	- 2nd half			5.1%
Unit sales				2.8%
RSP inflation				4.1%
Weighted average space growth				(2.0%)
Trading density		R22 731m^{-2}	R20 794m^{-2}	9.3%

- Disappointing sales (& markdown) performance in 2nd half, but expenses very well controlled & annual operating margin improved from PY
- Good performance in athleisure, smartwear & underwear. Opportunity for improvement in footwear & casualwear
- Opened 7 stores, closed 5 & reduced 6 oversized stores
- Maintained market share at 4.2% (excluding cosmetics)
- Quick response model test proved successful & will be enhanced in year ahead

mr price home

	2014	2013	% change
Retail sales	R2.9bn	R2.6bn	10.5%
Comparable sales - 1st half			10.5%
- 2nd half			6.4%
Unit sales			(1.3%)
RSP inflation			12.0%
Weighted average space growth			(0.8%)
Trading density	R20 956m^{-2}	R18 820m^{-2}	11.3%

- More discretionary merchandise, however high LSM customers are less financially stressed
- 50% of RSP inflation related to mix (including singles to packs) & 50% to increased input costs of like-for-like products
- Primary focus on maintaining opening price points & driving volume & depth of assortments
- Opened 9 stores & closed 1. In last 2 years reduced space by 4 950m^2, growing sales by 8.3% & profits by 46.4%
- Successful launch of online in November '13, furniture particularly strong
- Winner Most Iconic Brand for homeware category in TGI Icon Brand Survey & Design Excellence award at Decorex Johannesburg

sheet street loving your home!

	2014	2013	% change
Retail sales	R1.3bn	R1.2bn	8.9%
Comparable sales - 1st half			4.8%
- 2nd half			5.9%
Unit sales			0.6%
RSP inflation			8.3%
Weighted average space growth			0.9%
Trading density	R26 342m^{-2}	R24 469m^{-2}	7.7%

- Economic environment challenging shoppers in targeted segment
- Merchandise range and pricing more heavily focused on value
- Good performance in domestic textiles - exceeded RLC market growth by 3%
- Opened 19 new stores, right sized 15 & closed 7 unproductive stores
- Won first place in the Daily News Your Choice awards - Best Linen store. Industry winner in The Times Sowetan Retail Awards - Accessory & Home Décor Category

strategy

realising our vision

To be a top performing international, omni-channel retailer

- Remain true to our business model - fashion, value, cash
- Protect & grow SA market
- Focus on offshore growth & become a global player

Which will be enabled through:

- Our people
- Superior customer engagement
- Operational excellence
- Good corporate citizenship

our business model

Clear & precise positioning

Fashion

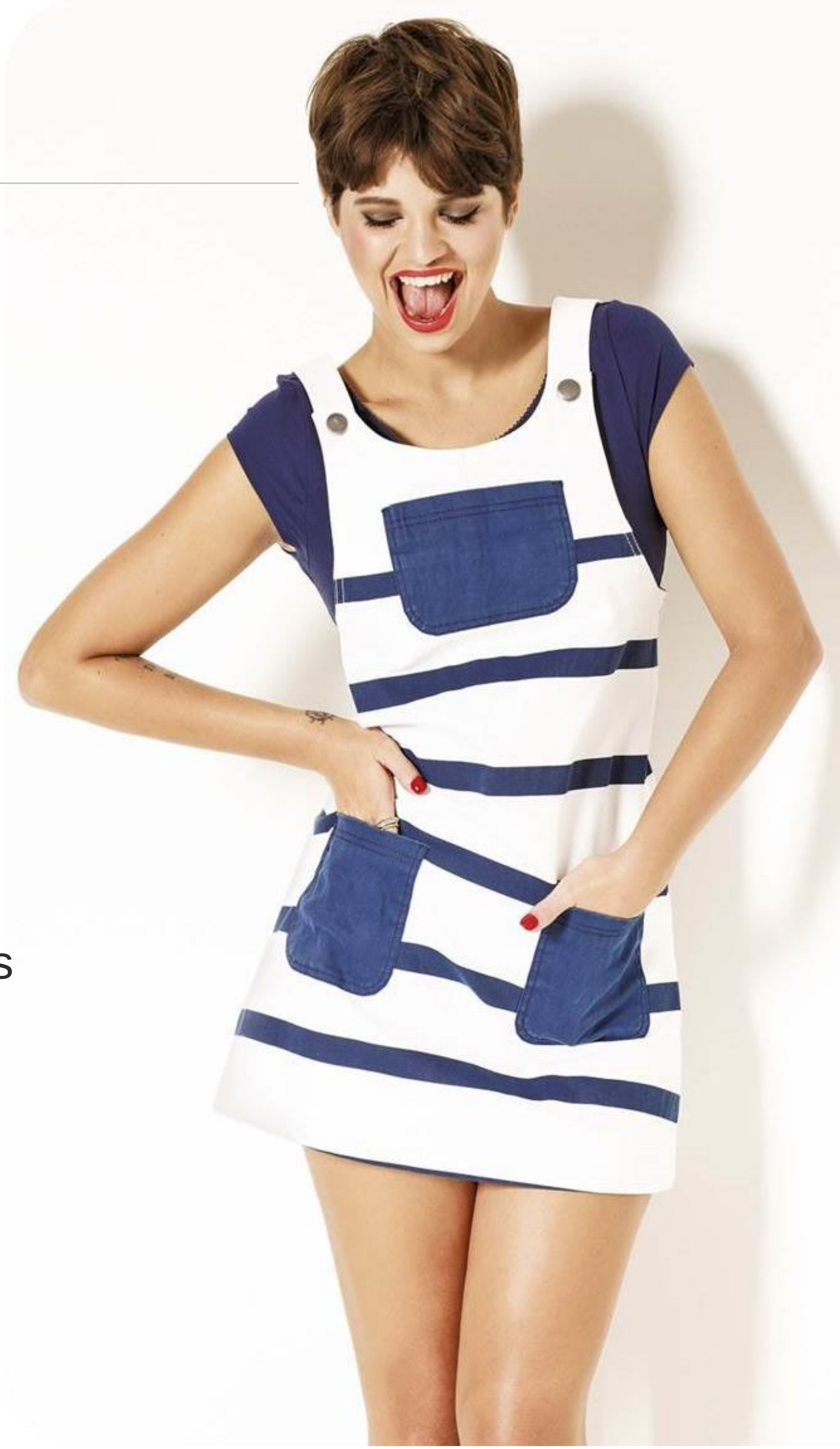
- Fashion leadership through in-house trending, product development & designer collaborations
- Focused assortments that are dominant in wanted fashion items of the season
- In-store brand & sub-brand clarity
- Not only merchandise, but the entire customer experience

Value (quality & price)

- Best price for quality & fashion offered
- Build on quality improvements in view of international plans
- A 'non-negotiable' in all business activities and markets
- Requires low overhead structures, efficient operations & changes in supply chain

Cash

- Sales growth in all new markets will be for cash
- Credit sales proportion unlikely to exceed 20%



entrench our position in SA

- Operating margins now all ≥10% - revised medium term targets for Home divisions & Sport >15%, Apparel & Miladys >20%
- Target quality net trading space growth of 3-4% p.a. (4-5% new space):

New stores	Open 200 stores in SADC region over next 4 years. Apparel will constitute half of new space added, high feasibility requirements (pg 19)
Expansions	Apparel could expand 128 stores (32% of total) by 26% on average, high ROGA (pg 19)
Reductions	58 000m^2 surplus space (9% of total). Home represents 51% & unwinds by approximately 5 000m^2 per year. Strong impact on profitability (pg 22)

- Online growth will complement space growth
- Price mix opportunities, however these are economy dependent

In order to achieve this goal we need to deliver on all the objectives detailed elsewhere in this strategy.

international growth

Our business model & strategy positions us well to unlock the potential of new markets

- Reduced dependence on one primary market
- Proven fashion-value brands of Apparel, Home, Sport
- Mainly southern hemisphere, Home less constricted
- Mainly organic growth:
  - Acquired Zambian franchise, targeting certain others
  - No large-scale acquisition planned
  - Research and test prior to substantial resource committment
- Positive returns required in short-term
  - West Africa - double digit operating margins being achieved on a footprint of 6 stores
  - Online incurring losses in start-up phase. Apparel expected to be profitable in 2nd half FY15, all divisions in FY16

international growth

A different approach is required

ERP system

- Multi currency, channel & place of delivery capability
- More accurate planning & improved response times & BI
- Design of new ERP & planning systems complete, currently in build phase. Design of BI by June '14. Sport to go live April '15

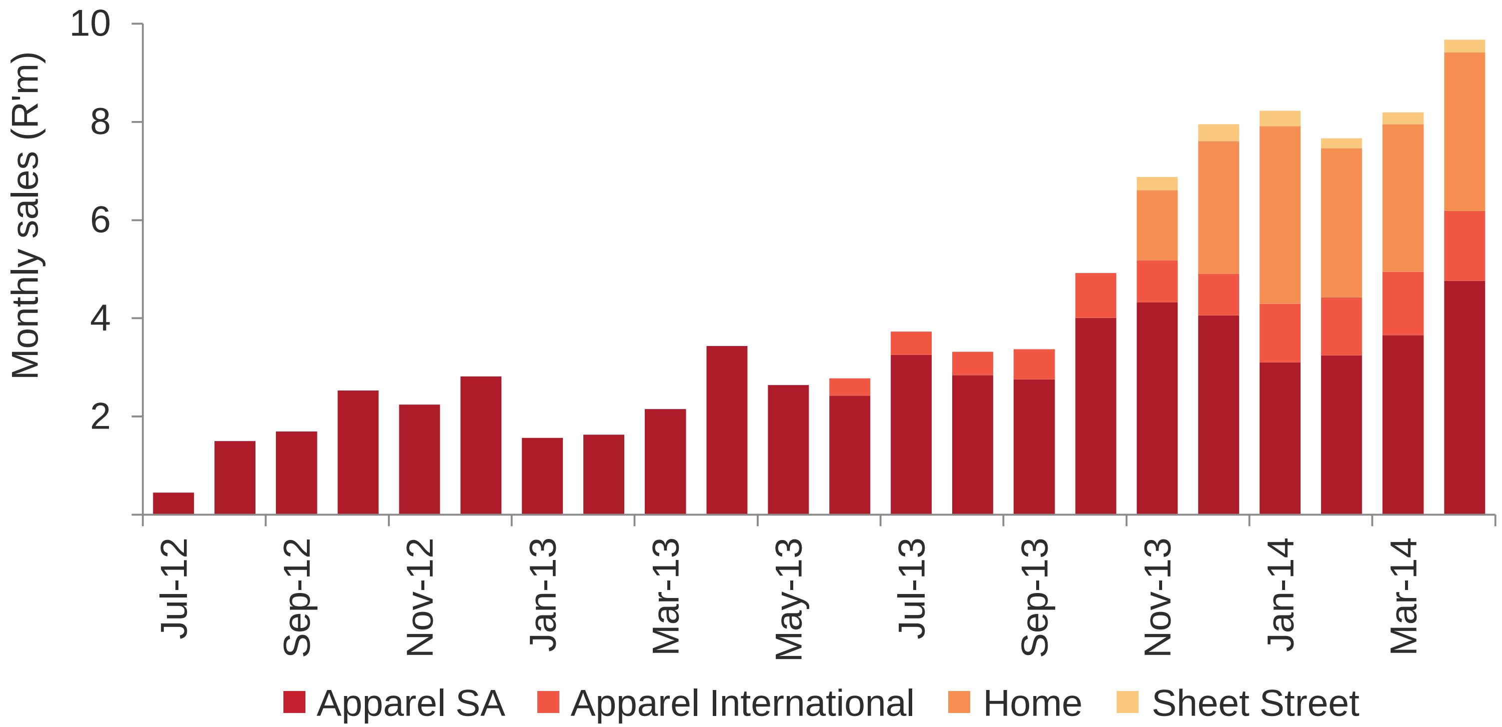
Resourcing strategy

- Earlier ownership, improved visibility & stock flow. 39% of Apparel's FY15 imports to be factory direct, to increase to 85% over next 5 years
- Direct delivery from point of manufacture to end market to eliminate double duty & reduce selling prices. Target for foreign stores incurring single duty in FY15 of 17% to increase to 90% over the next 5 years

Omni-channel approach

- Store footprint outside SA now 88 (65 owned, 23 franchise)
- Store growth at acceptable lease terms - shopping centres & stand-alone locations
- Online reduces barriers in the form of availability & cost of retail space
- Online allows cost efficient identification & testing of high opportunity markets
- Consistent brand positioning in all markets

online growth

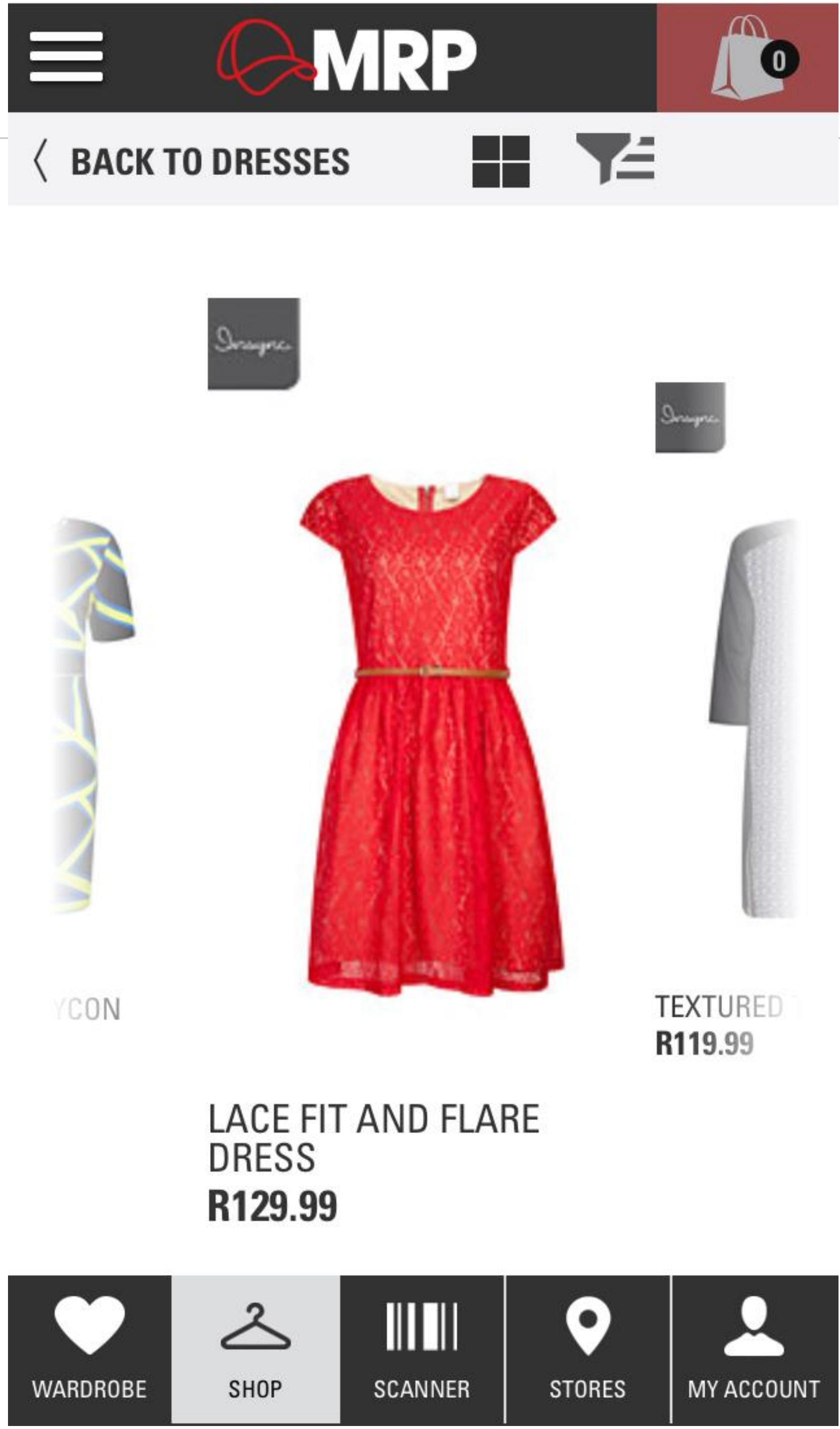


- Total annual growth of 293%. Apparel total growth 204% (SA 140%, SA comp 74%)
- Launched Apparel internationally in July ‘13 & shipped to over 130 countries
- Home & Sheet Street launched November ‘13
- First international retailer to launch online in Nigeria (April ‘14) with an in-country presence. Fulfilment from store
- Marketing planned for Australian market towards 2nd half
- Financial Services & Sport planned for 2nd half of FY15
- New JV will augment online strategy. Commercial launch & market communication within next few months

online enhancements

Improved customer experience

- New App on iOS & Android platforms - mobile & tablet
- Swipe, pinch, zoom functionality
- Integrates with bricks environment by locating 5 closest stores in stock of SKU. If item not in required size, in store shopper can scan barcode & locate nearest store in stock or checkout online
- Unique 'wardrobe' feature to create individual user 'look', combining own cupboard with catalogue. Sharing on social media creates a viral platform
- Supported internationally - recognises users' GEO-IP location & reflects currency, catalogue & delivery costs
- For non App users, mobile smart phone functionality to be enhanced by end of year (originally designed for feature phone)



our people

An energised environment where associates are empowered & motivated

Employee engagement

- Communication via ‘Comm Times’, internal TV broadcasts, results presentations & social media
- ‘Culture & climate’ interventions during a time of high growth & significant change

Capacity building

- Develop and train associates to enable the strategy
- Human Capital Management system - complete workforce planning, employee self-service & learning management roll-out
- Industry leading e-learning via POS allows a broad reach

Reward & retention

- Ability to exceed market remuneration is based on performance
- Incentive structures individually tailored to each role
- In SA, all associates are partners through long term incentive schemes

customer engagement

Creating an emotional attachment

- Maintain fashion value positioning
- Be at the forefront of retail technology
  - Mobile POS rollout
  - E-Commerce
  - Store of the future launch V&A Waterfront in July ‘14
- All customer touch-points must be consistent & seamless
  - Store & online experience
  - Marketing & communication
  - Establish world-class call centre
- Improve CRM - data across the business is fragmented. Consolidate information at one point & use BI more effectively
- Build a strong brand image in new markets
  - New mrp branding
  - As in SA, build a ‘loved’ business wherever we go

operational excellence

- Good progress, with operating margin increasing from 9.6% to 16.7% in the last 5 years
- Move to more responsive suppliers
- Improved in-season planning to maximize sales & improve markdowns & space management
- Self service model in store, however need to establish well informed, friendly brand ambassadors
- Implement new operations structure aimed at improving recruitment, skills & visual merchandising
- Complete rollout of Dayforce labour scheduling and new contract types & achieve desired results
- Focus on ‘profit wedge’ effect - expenses increasing at a lower rate than revenue, despite increased investment
- New Distribution Centre planned for August ‘16. Zoning approval expected by August ’14

good corporate citizenship

Promote high standards of ethical behaviour & sustainable performance

Repositioned governance functions (secretarial, ERM, legal & compliance)

- Introduced leading risk & legal compliance frameworks
- Enhanced identification & measurement of risks & alignment to strategy

Sustainability

- Evolution of resourcing strategy
- Joined ETI (ethical buying), SEDEX (supply chain) & WWF (environmental)
- Near sourcing (SADC) represents 35% of total inputs
- Lead retailer in R250 million dti funded footwear & textile clusters
- BEE Level 5 attained, but changes to codes are concerning
- New store design 30% more energy efficient, 95% of DC waste recycled
- High social ROI via RedCap Foundation's Jumpstart Manufacturing & Retail programmes

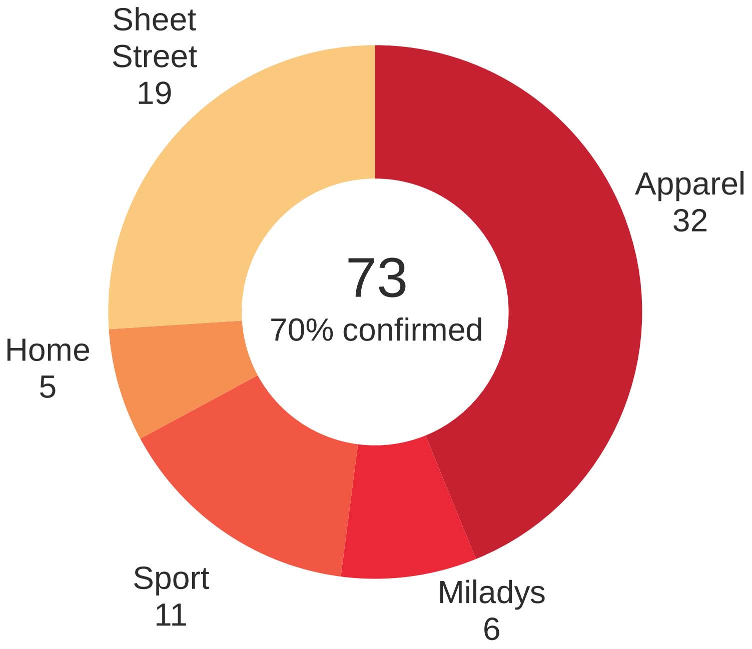
Stakeholder communication

- Improved strategic planning & performance reviews with suppliers
- Engaged with investment community. Winner of best corporate reporting in 'retail services' & 'overall' categories at IAS '13 awards for listed companies

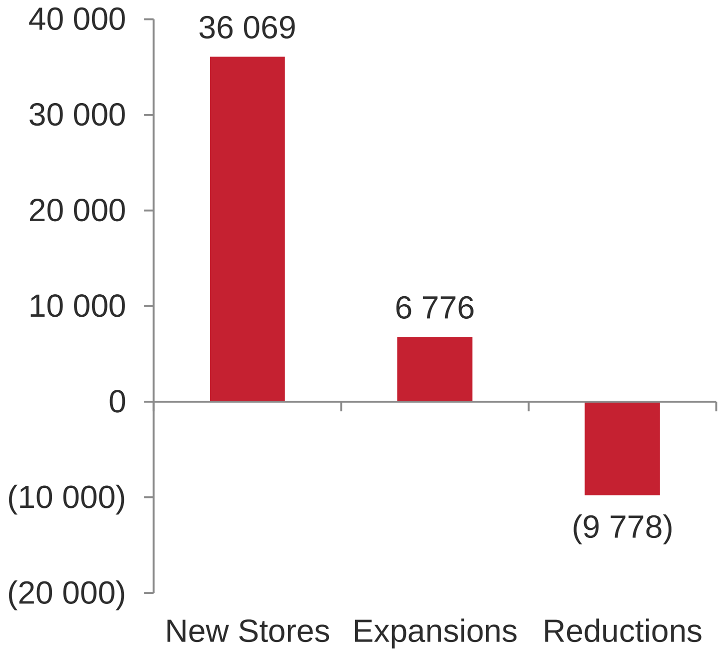
looking ahead

- Consumer environment to remain challenging
- In previous downward economic cycles our positioning has led to market share gains
- Inventory in good shape going into the new year
- RSP inflation expected to be in upper single digits
- Positive start in new year in sales and debtor collections
- Targeted space movement in FY15:

New stores



Space m^2




thank
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mrpricegrouplimited