



Mr Price Group Limited
Interim Results September 2011



Communication With Investment Community

- Feedback questionnaire July 2011
 - How informative do you find the results presentation 93% Very or extremely informative
 - Is information sufficient and relevant 100% Yes
- New Group website launched
 - Provides details on closed periods and timing of release of results
- Local roadshows
 - Major shareholders and institutions invited for one-on-one meetings
 - Rotating order of Johannesburg and Cape Town analyst presentations
- IAS awards 2011
 - Winner best presentation to the IAS – market capitalization R5bn – R20bn
- International shareholding increased to 35%
 - 1st International roadshow to London, November 2011
 - Recently concluded a sponsored ADR programme with BNY Mellon



Benchmarking

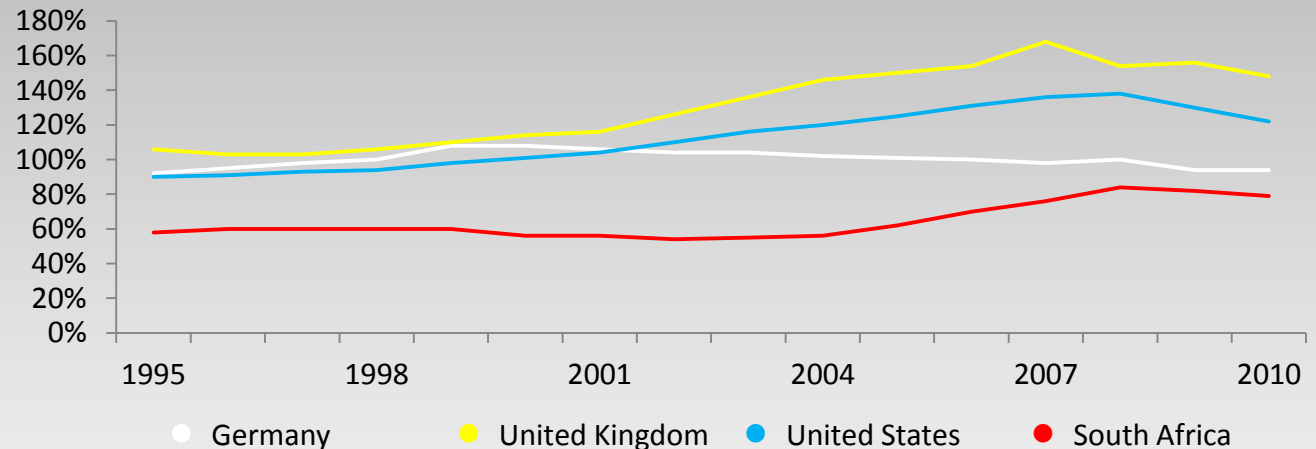
- Finweek Top 200 Review – ranked 26th on JSE for return on equity (FY2010)
- Sunday Times Top 100 Companies – ranked 7th on JSE for share price performance over the last 5 years and 10th over 10 years. Top placed clothing retailer
- Plimsol Analysis of global top 100 clothing retailers – ranked 45th for pre-tax profit margin and 64th for sales
- Highest returns out of local competitor set for:
 - Return on capital employed 63.6%
 - Return on net worth 42.2%
Higher than Inditex, on par with H&M
 - Return on operating assets 63.8%



Overview Of The Retail Environment

- Increase in retail sales in real terms for 20 consecutive months
- September 2011 CPI% highest for the year at 5.7%, but remains within targeted range
- Positive growth in GDP for 8 consecutive quarters but growth slowing
- Interest rates remain at historically low levels, not expected to increase in the short term
- Benefits of stronger rand offset by higher input price of cotton and oil
- Unemployment has decreased to 25%
- Real wage inflation in 9 of the last 10 years

Indebtedness of households as % of disposable income



Debt servicing costs as % of disposable income have been on a decline since 2008



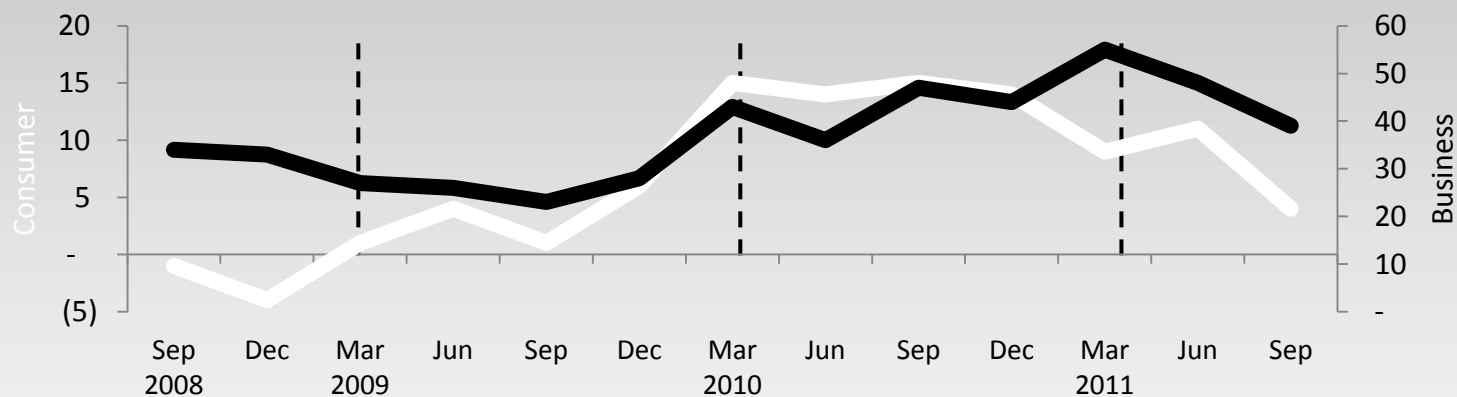
Mr Price Group Limited



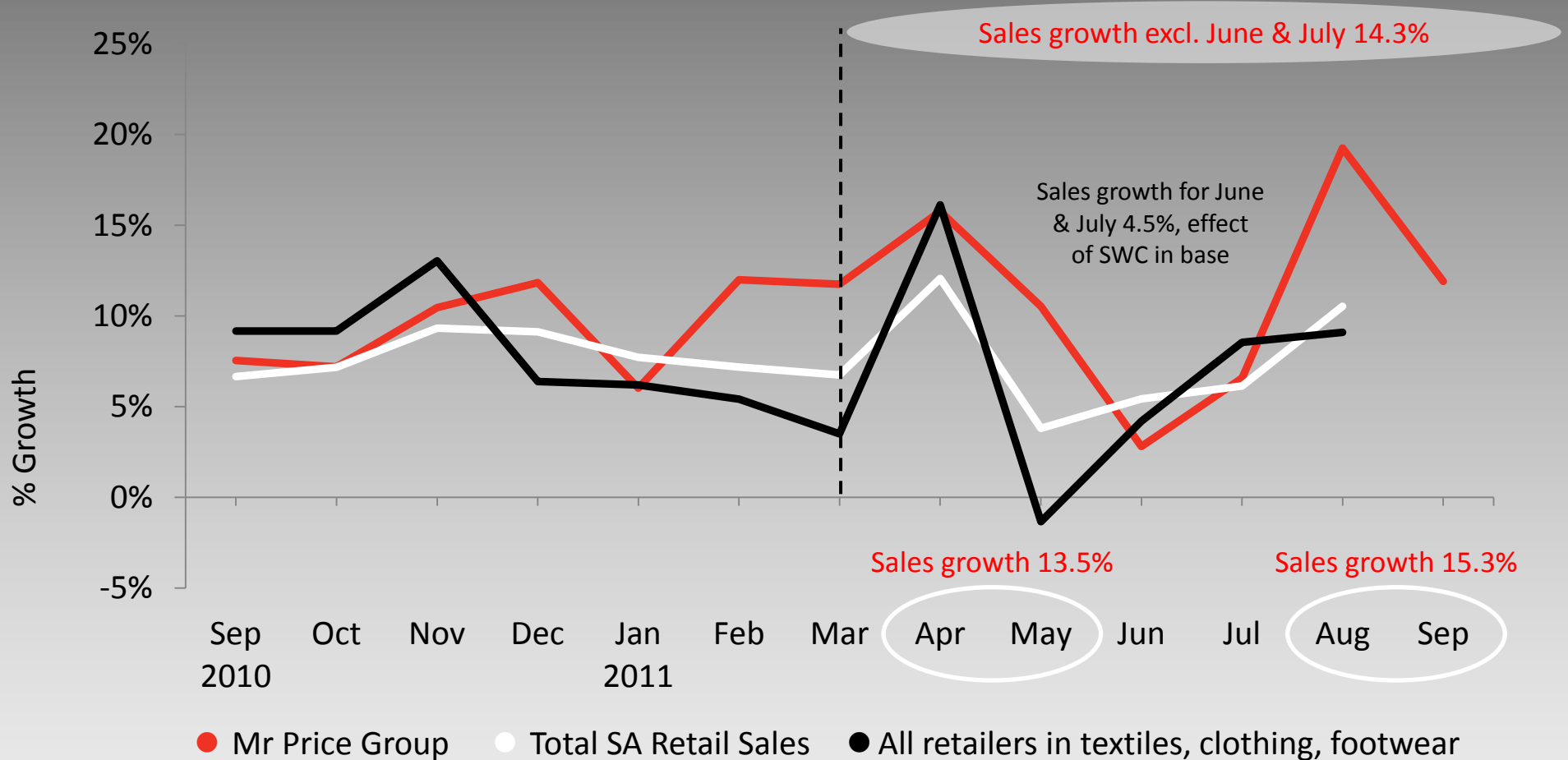
Business And Consumer Confidence

- **Consumer (remains net positive)**
 - After a slight recovery in 2nd quarter 2011, consumer confidence fell 7 points to +4
 - Decrease driven by decline in consumers expecting an improvement in the economy (fall in local and foreign markets, weaker economic growth in SA)
 - Do not expect worsening economic situation to adversely affect their own finances
- **Business (remains net negative)**
 - Two consecutive quarter declines
 - All sectors showed a decrease in confidence, except for the retail trade sector
 - Drop in confidence shows upturn may have lost some momentum, and GDP growth likely to have remained weak in 3rd quarter

Business and consumer confidence indices



SA Retail Sales Growth



October 2011 sales grew by 18.7% (comparable: 16.0%)

Source: Statistics SA



2011 Group Highlights

- Sales performance impacted by World Cup in the base
- Flagship chain gained further market share
- Improvement in GP% and good cost control
- Profitability of all chains significantly up on comparable period
- Significant improvement in home chains' trading densities
- Despite planned increase in inventory, stock turn improved
- Cash balances remain high despite increase in:
 - Dividends
 - Treasury share purchases
 - Increased capital expenditure
- Increase in trade receivables and number of accounts, but book remains well managed



Mr Price Group Limited

2011 Group Highlights



	2011	2010	Growth
Retail sales	R5.3 bn	R4.8 bn	10.7 %
Comparable sales	R4.3 bn	R4.0 bn	9.6 %
RSP inflation			5.5 %
Unit sales	84.6 m	80.3 m	5.4 %
Stock turn (times)	6.9	6.5	
Weighted average space growth (net)			(1.6 %)
Number of stores			
Start of period	937	962	
Opened	18	13	
Closed	(11)	(32)	
End of period	944	943	





2011 Group Income Statement

R'm	2011	2010	Growth
Retail sales	5 282	4 772	11 %
Cost of sales	3 099	2 806	10 %
Gross profit - Rand	2 183	1 966	
- %	41.3%	41.2%	
Other income	132	115	15 %
Selling expenses	1 252	1 164	7 %
Administrative/other expenses	384	378	2 %
Profit from operating activities	679	539	26 %
Operating margin	12.9%	11.3%	
Net finance income	16	23	(30 %)
Profit before taxation	696	562	24 %
Taxation	243	192	26 %
Profit attributable to shareholders	453	370	22 %
EBITDA - Rand	775	633	22 %
- %	14.7%	13.3%	



Operating Margin Analysis

Operating margin last year	11.3 %
Gross profit:	
PMO	(0.3 %)
Markdowns	0.6 %
Other	(0.2 %)
Store expenses:	
Payroll	0.2 %
Occupancy	0.6 %
Administrative and central costs	0.7 %
Operating margin this year	<u>12.9 %</u>

% of sales	2011	2010
Depreciation	1.6%	1.7%
Employment costs	12.3%	12.5%
Occupancy costs	8.1%	8.6%
Total expenses	31.0%	32.3%



Sales And Operating Profit Growth

Sales

Apparel

Home

Total

Operating profit

Apparel

Home

Total

**1st half
2012
26 weeks**

**1st half
2011
26 weeks**

**2nd half
2011
26 weeks**

11.1%

9.7%

10.7%

11.4 %

10.0 %

11.0 %

10.4%

9.7%

10.2%

19.0%

57.3%

26.1%

34.4 %

1 785.7 %

57.4 %

22.3%

79.4%

29.7%

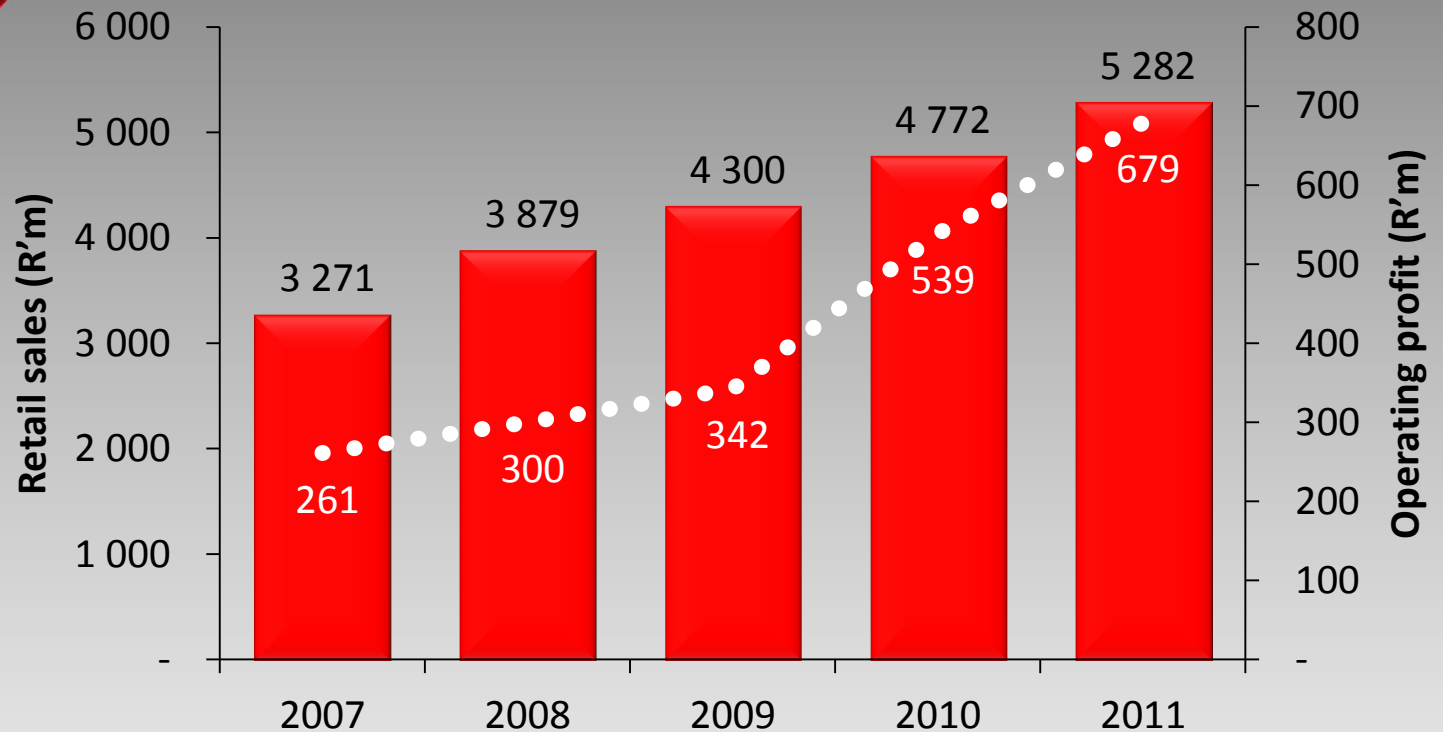
- Recovery of underperforming divisions commenced in 2nd half of 2010 financial year
- 2nd half 2012 up against higher base



Mr Price Group Limited



Sales And Operating Profit Growth



5 Year CAGR
10 Year CAGR

Retail sales

14.5%
14.8%

Operating profit

26.6%
28.5%



Mr Price Group Limited

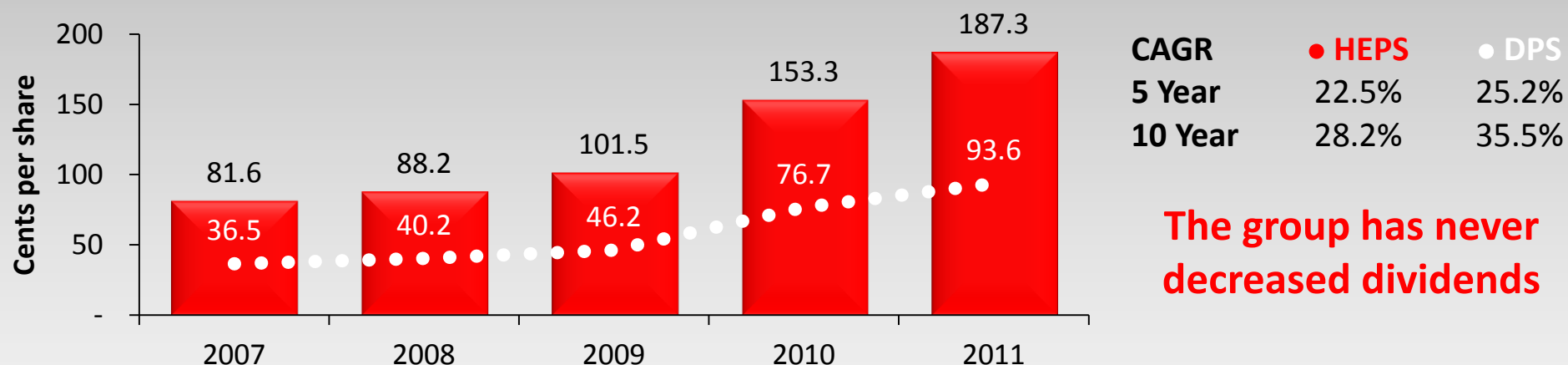
Headline Earnings And Dividends Per Share

	2011	2010	Growth
Basic earnings per share ^{*1}	186.6 c	150.8 c	23.7 %
Headline earnings per share ^{*1}	187.3 c	153.3 c	22.2 %
Dividend per share	93.6 c	76.7 c	22.0 %
Dividend cover (times) ^{*2}	2.0	2.0	

*1 Effective tax rate and earnings impacted by higher STC charge as a result of strong FY2011 performance

*2 Dividend cover at year end not expected to exceed 1.6 times

3 Earnings per share guidance per SENS 20 October 2011: 18-23%



Financial Position

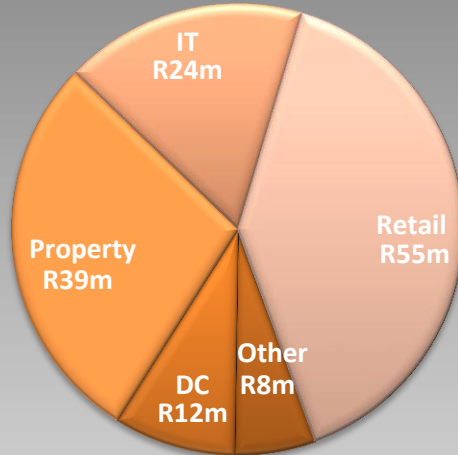
R'm	2011	2010
Non-current assets		
Property, plant and equipment	486	492
Intangible and other assets	160	154
Current assets		
Inventories	1 055	827
Trade and other receivables	1 056	903
Cash and cash equivalents	900	1 241
	<u>3 657</u>	<u>3 617</u>
Equity attributable to shareholders	2 222	1 937
Non-current liabilities	185	176
Current liabilities	<u>1 250</u>	<u>1 504</u>
	<u>3 657</u>	<u>3 617</u>
Return on :		
Net worth	49.2%	41.1%
Average shareholders equity	53.1%	43.8%
Operating assets (Rolling 12 month)	75.4%	65.7%



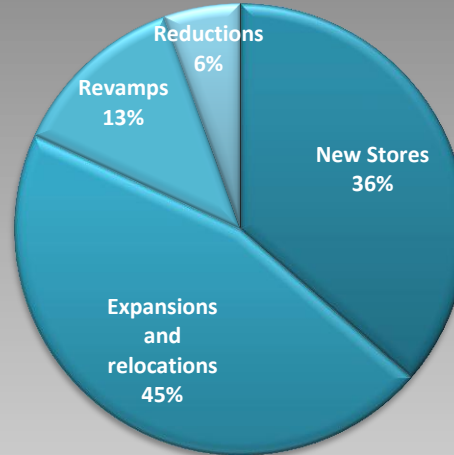
Mr Price Group Limited

Capital Expenditure

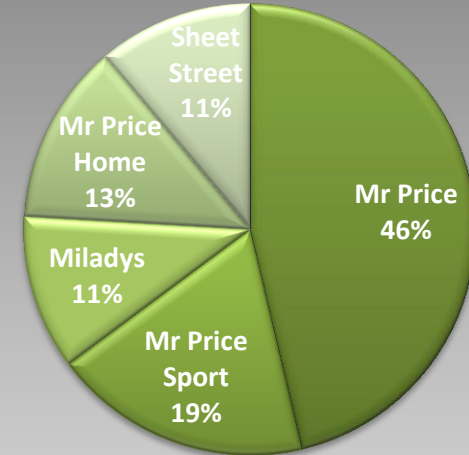
Total: R138m



Retail



Divisional Split



- Capital expenditure for the year is projected at R300m (retail: 62%)
- Charge for the period:

Depreciation	-	R83m
Amortisation	-	R12m





Trade Receivables

	2011	2010	Growth
Number of active accounts	1 111 k	1 000 k	11.1 %
Average credit limit	R2 622	R2 442	7.4 %
Average balance	R859	R855	
% able to purchase	91 %	89 %	
New application approval rate	41 %	42 %	
Credit sales	R994 m	R844 m	17.8 %
Credit sales contribution	18.8 %	17.7 %	

Average basket size

1 st time credit purchase	R1 170	R926	26.4 %
Average credit basket	R294	R269	9.3 %
Average cash basket	R183	R172	6.1 %

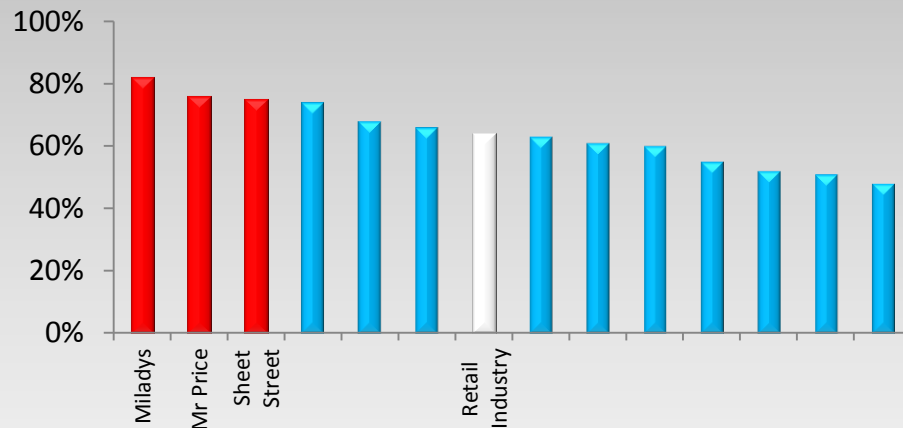


Trade Receivables

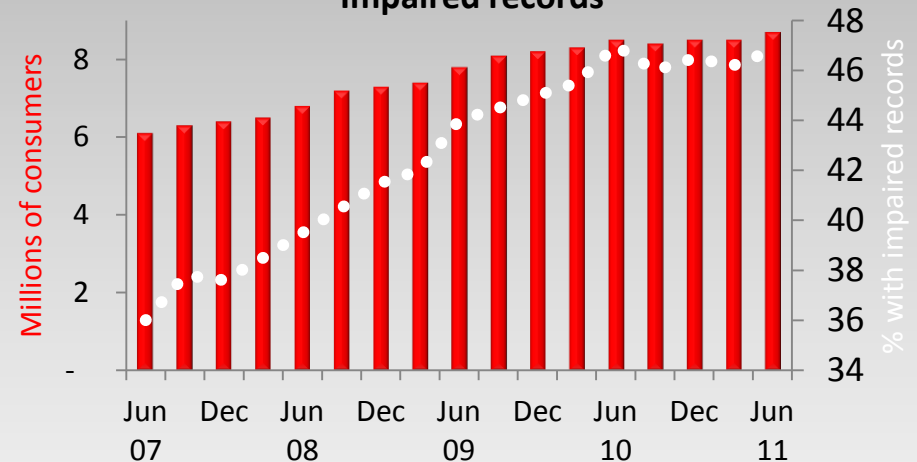
	2011	2010	Growth
Gross trade receivables	R954 m	R855 m	11.6 %
Net bad debts as % of credit sales*	2.1 %	2.5 %	
Net bad debts as % of debtors*	4.1 %	4.7 %	
Impairment provision (% of debtors)	8.0 %	8.2 %	

* Excludes collection costs, movement in provision

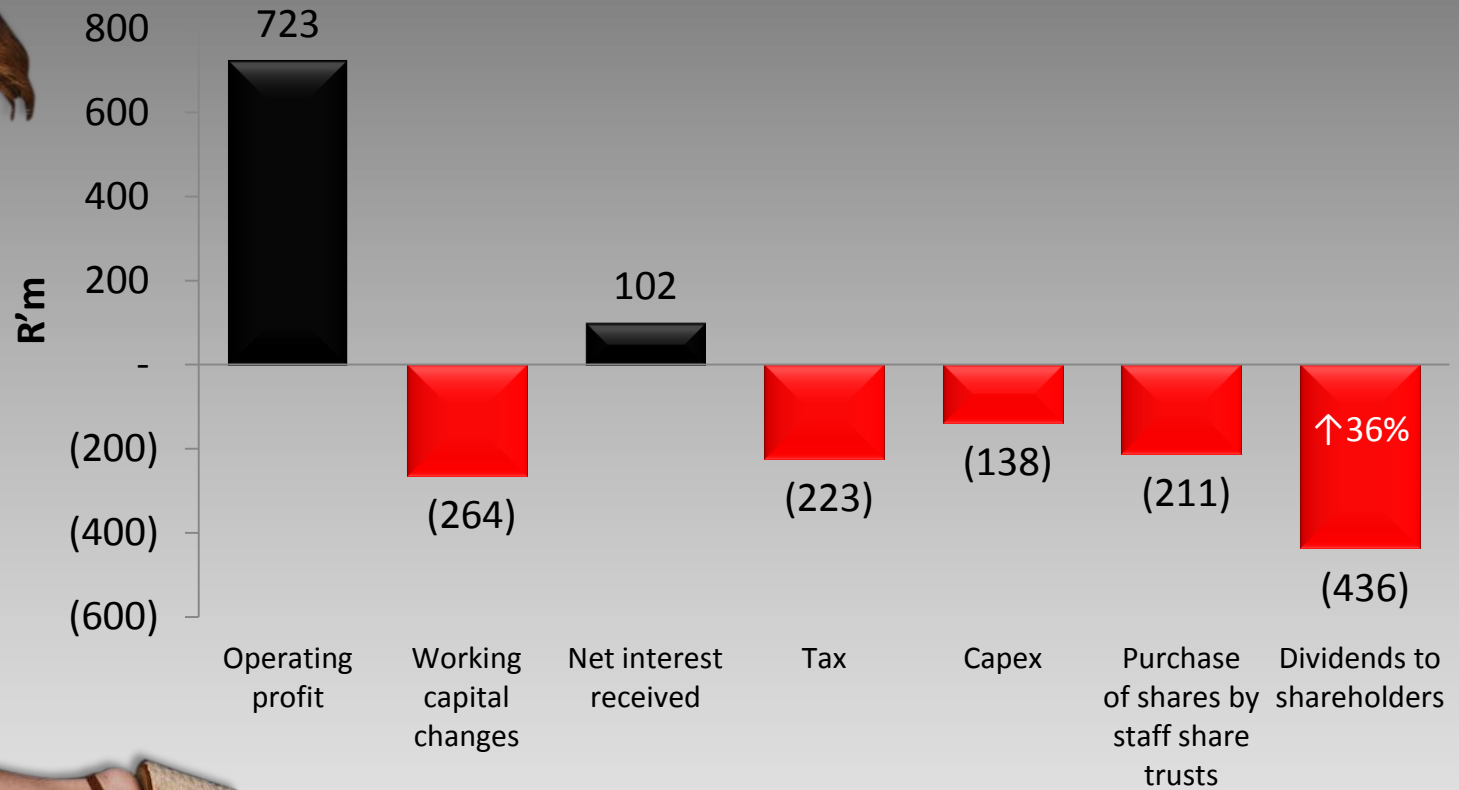
Independent Benchmarking - % balance current



Impaired records



Cash Flow – Significant Items



- Cash sales 81.2% (2010: 82.3%) – credit sales not expected to exceed 25% in the long term
- Gross inventory up 25% but expected to increase by 10% at year end



Mr Price Group Limited

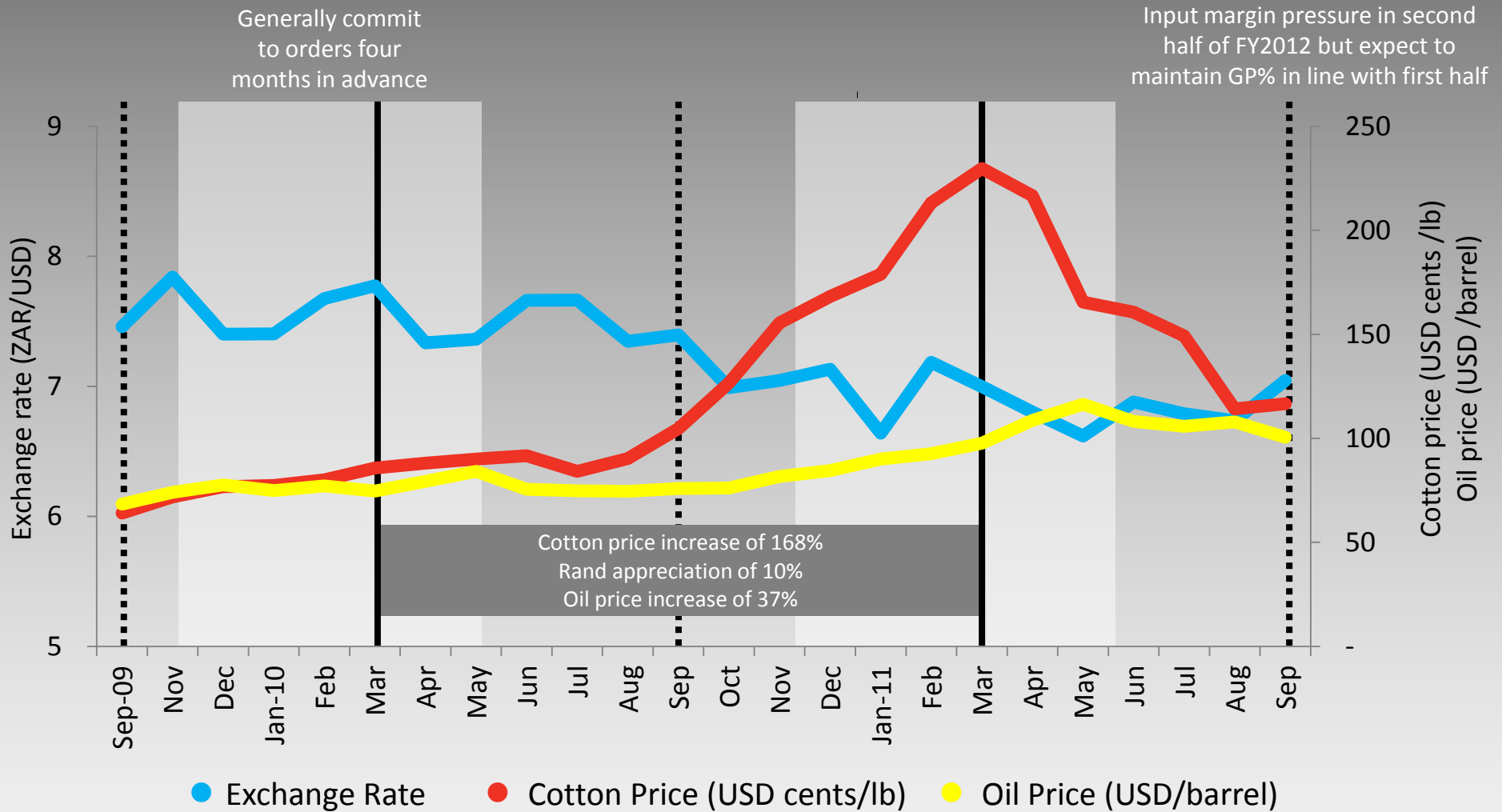


Mr Price Group Limited

Divisional Performance



Analysis Of Cotton Price



Segmental Performance – Apparel

	2011	2010	Growth
Retail sales	R3.8 bn	R3.4 bn	11.1 %
Comparable sales	R3.0 bn	R2.8 bn	8.8 %
Unit sales	59.9 m	56.5 m	6.1 %
RSP inflation			5.1 %
Weighted average space growth			0.0 %
Number of stores	580	578	
Trading density	R24 687 m ⁻²	R21 998 m ⁻²	12.2 %
Stock turn (times)	7.3	7.3	
Operating profit	R626.6 m	R526.4 m	19.0 %
Operating margin	16.5 %	15.4 %	

Apparel constitutes 72% of group sales



Mr Price Group Limited

Mr Price



	2011	2010	Growth
Retail sales	R3.0 bn	R2.7 bn	11.1 %
Comparable sales	R2.3 bn	R2.1 bn	8.8 %
Unit sales	52.5 m	49.5 m	6.2 %
RSP inflation			5.1 %
Weighted average space growth			2.6 %
Number of stores	344	339	
Trading density	R29 755 m ⁻²	R27 071 m ⁻²	9.9 %
Stock turn (times)	7.9	8.0	

Highlights



Clothing
Footwear
Total

	Sep 2011	Mar 2011	Sep 2010
Contribution to RLC sales		RLC market share	
	86.1%	13.5%	13.4%
	13.9%	8.7%	8.5%
	100.0%	12.5%	12.4%
			13.2%
			8.1%
			12.1%

- Per AMPS - number of shoppers increased by 283 000 (7%) to 4.6 million, against AMP universe which was flat
- Highest growth in the number of shoppers amongst all retailers in our competitor set
- Growth in footwear market share, but is still a growth opportunity
- Expansion programme delivers sales densities and ROCE above expected levels
- New generation stores for Red Cap chains to open in November 2011
- First store in Nigeria to open March 2012



Mr Price

LIVE
colour
fully!



coloured denim
R119.99

st be
yourself
everyone
se is
ken

ET
SOUTH
AFRICA



Mr Price

LIVE
colour
fully!



coloured denim
R119.99



ET
SALES

Mr Price Sport



	2011	2010	Growth
Retail sales	R294 m	R244 m	20.5 %
Comparable sales	R247 m	R229 m	7.6 %
Unit sales	3.9 m	3.3 m	17.6 %
RSP inflation			2.5 %
Weighted average space growth			1.5 %
Number of stores	44	36	
Trading density	R13 553 m ⁻²	R11 121 m ⁻²	21.9 %
Stock turn (times)	5.5	5.0	

Highlights



Equipment and accessories
Footwear
Apparel
Total

	Sep 2011		Sep 2010	
	Sales	Contribution to sales	Sales	Contribution to sales
Equipment and accessories	R87m	29.7%	R70m	28.5%
Footwear	R43m	14.7%	R38m	15.4%
Apparel	R164m	55.6%	R136m	56.1%
Total	R294m	100.0%	R244m	100.0%

- Per AMPS, 6% increase in number of black shoppers, now make up 42% of customer base
- Right sizing of stores proving very successful with stores showing sales increase after significant space reduction
- Tests show 600-800m² is optimal store size - future roll outs to focus on this format
- New merchandise ranges introduced



Mr Price
SPORT




Mr Price
SPORT



GM



Miladys



	2011	2010	Growth
Retail sales	R515 m	R484 m	6.4 %
Comparable sales	R495 m	R452 m	9.4 %
Unit sales	3.5 m	3.7 m	(5.3 %)
RSP inflation			12.0 %
Weighted average space growth			(8.5 %)
Number of stores	192	203	
Trading density	R16 269 m ⁻²	R14 434 m ⁻²	12.7 %
Stock turn (times)	5.5	5.3	

MILADYS



Highlights



	Sep 2011	Mar 2011	Sep 2010
Contribution to RLC sales	RLC market share		
Outerwear	67.3%	4.7%	4.8%
Intimatewear	10.3%	2.9%	2.8%
Footwear	12.1%	2.9%	3.2%
Accessories	8.4%	8.4%	9.5%
Cosmetics	1.9%	0.5%	0.3%
Total	100.0%	3.7%	4.0%

- Although there has been a drop in market share since September 2010, it has remained at 3.7% since May 2011
- Market share excluding cosmetics is 4.3% (September 2010: 4.6%)
- Per AMPS, Miladys has shown a significant increase amongst black respondents (49% of customers vs. 43% last year)
- Increase in number of younger shoppers at expense of target market
- Market research indicates spontaneous awareness and usage has increased significantly
- Initiatives to address merchandise offer proving successful – sales growth above RLC for August and September. October growth encouraging

MILADYS

Segmental Performance - Home



	2011	2010	Growth
Retail sales	R1.5 bn	R1.4 bn	9.7 %
Comparable sales	R1.3 bn	R1.2 bn	11.5 %
Unit sales	24.7 m	23.8 m	3.7 %
RSP inflation			6.6 %
Weighted average space growth			(4.2 %)
Number of stores	364	365	
Trading density	R17 258 m ⁻²	R14 644 m ⁻²	17.9 %
Stock turn (times)	6.2	5.3	
Operating profit	R130.5 m	R83.0 m	57.3 %
Operating margin	8.8 %	6.1 %	



Mr Price Home



	2011	2010	Growth
Retail sales	R1 022 m	R948 m	7.8 %
Comparable sales	R902 m	R821 m	9.8 %
Unit sales	17.0 m	16.7 m	1.7 %
RSP inflation			7.1 %
Weighted average space growth			(4.0 %)
Number of stores	133	131	
Trading density	R15 882 m ⁻²	R13 694 m ⁻²	16.0 %
Stock turn (times)	5.9	5.2	

Highlights



	Sep 2011	Mar 2011	Sep 2010
Contribution to RLC sales	RLC market share		
Domestic textiles	56.2%	27.0%	27.3%
Household utensils	12.5%	19.9%	20.2%
Accessories and décor	31.3%	12.4%	12.6%
Total	100.0%	19.0%	19.7%

- Per AMPS number of shoppers increased by 7%, against a flat AMPS universe
- Independent research ranks the chain first in spontaneous awareness, brand affinity and usage
- Mr Price Home is the most loved, and most frequented homewares retailer in South Africa for the 4th consecutive year
- Winner of the Ask Afrika Orange Index 2011 – Excellent service in home and décor industry
- Furniture and kids showing improved sales performances and trading densities (sales growths above divisional average)
- Space reduction programme yielding positive results, with a 1:3 reduced sales to reduced space ratio, enhancing store profitability





BEDROOM

RELAX

AINS

Sheet Street



	2011	2010	Growth
Retail sales	R469 m	R411 m	14.0 %
Comparable sales	R446 m	R388 m	14.9 %
Unit sales	7.8 m	7.2 m	8.4 %
RSP inflation			5.2 %
Weighted average space growth			(5.0 %)
Number of stores	231	234	
Trading density	R21 210 m ⁻²	R17 357 m ⁻²	22.2 %
Stock turn (times)	6.8	5.6	

sheet street

lots of linen for less!

Highlights

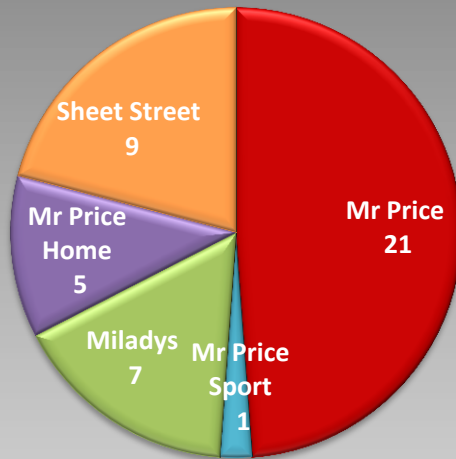


	Sep 2011	Mar 2011	Sep 2010
Contribution to RLC sales	RLC market share		
Domestic textiles	83.4%	21.2%	21.0%
Accessories and décor	16.6%	3.4%	3.3%
Total	100.0%	9.9%	9.8%

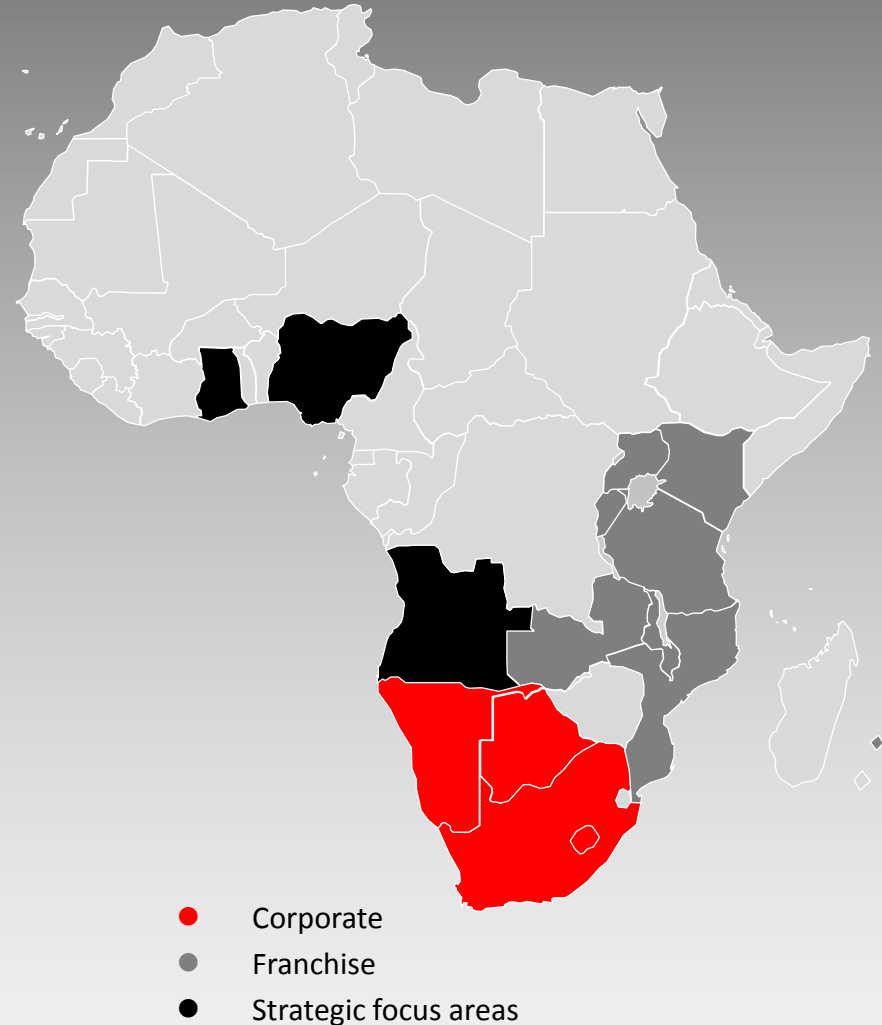
- Per AMPS, a 14% increase in total shoppers achieved, most notably from shoppers aged 35-49 and LSM 8 and 9
- Per Bateleur Landscape survey (July 2011), Sheet Street recaptured 2nd place in spontaneous awareness and usage after dropping to 3rd place in 2010, Mr Price Home in 1st place
- Third highest shopper demographics on AMPS
- Changes to planning processes and greater focus resulted in better performance
- Performance of revamped stores exceeding expectations (comparable sales 6% higher than divisional average)

Mr Price International

- African footprint now 67 stores:
43 owned and 24 franchise



- Have been successfully operating outside South Africa for 13 years
- Strategic focus is on corporate owned stores in regions with high GDP
- Mr Price Sport opened in Windhoek, Namibia in April 2011
- First Nigerian store of 1,200m² opening in Ikeja Mall in Lagos in March 2012
- Plan to open 5 franchise stores in second half



Mr Price Group Limited

The Growth Strategy

BUSINESS
MODEL

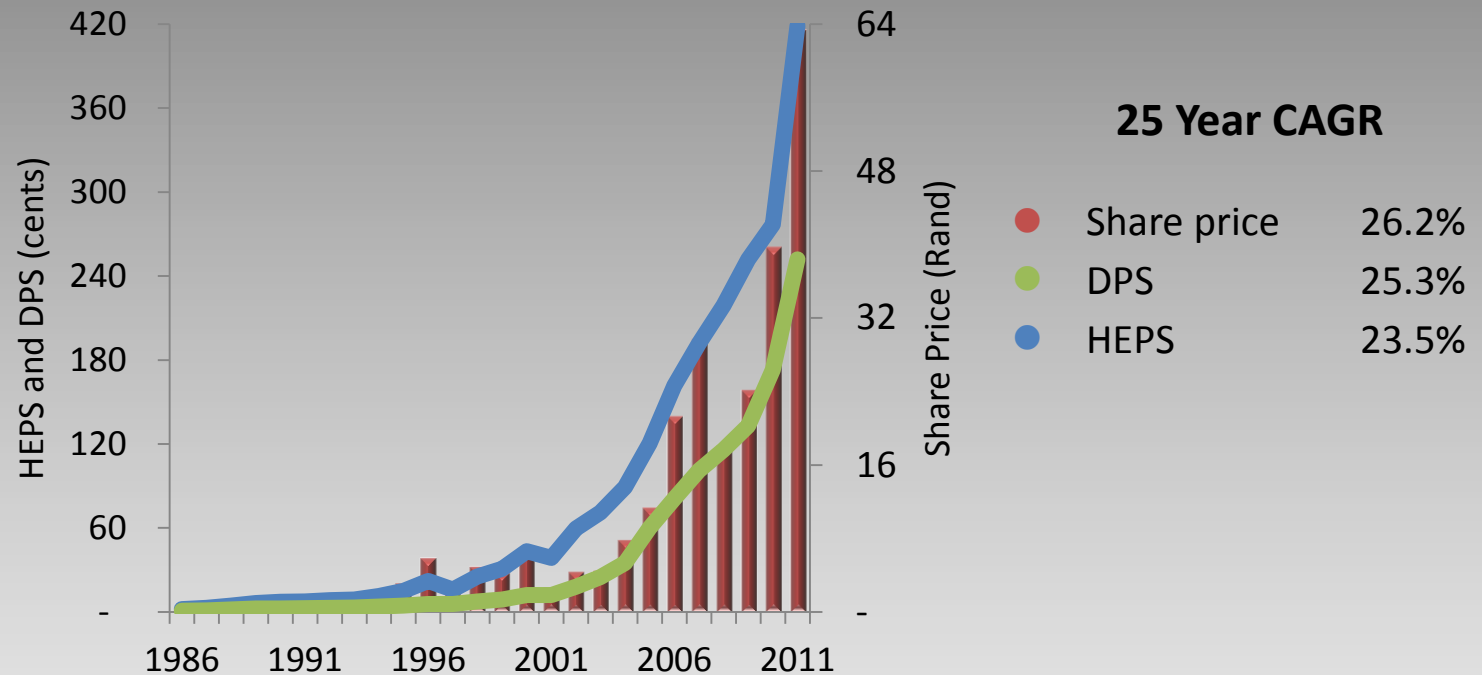
SOUTH AFRICA

INTERNATIONAL

SOURCING AND
SUPPLY CHAIN

PEOPLE

Our aim is to be a top performing international retailer...



... and extend our track record of growth



Mr Price Group Limited

The Growth Strategy

BUSINESS MODEL

SOUTH AFRICA

INTERNATIONAL

SOURCING AND
SUPPLY CHAIN

PEOPLE

- Focused on remaining a cash retailer, with a strong balance sheet
- Credit sales not to exceed 25% in the longer term
- Focus on fashion/value product offer
- Growth to be driven by existing businesses rather than through acquisitions
- Dividend cover:
 - To be re-assessed at year end once the cash flow impacts of our updated strategic plans have been established
 - Possible future reduction from current annual level of 1.6



The Growth Strategy

**BUSINESS
MODEL**

SOUTH AFRICA

INTERNATIONAL

**SOURCING AND
SUPPLY CHAIN**

PEOPLE

Market share

- All chains have opportunities to accelerate growth in categories where they are under-penetrated
- Market share gains to be driven by store growth and an online capability

Space

- Open approximately 50 new stores per year
- Expand high trading density locations – Mr Price Apparel
- Reduction in space in chains that are over spaced – Mr Price Home, Mr Price Sport, Sheet Street and Miladys
- Plan to grow local trading space by a minimum of 5% p.a.



The Growth Strategy

BUSINESS
MODEL

SOUTH AFRICA

INTERNATIONAL

SOURCING AND
SUPPLY CHAIN

PEOPLE

Profitability

- Mr Price Apparel has high growth potential by gaining market share and expanding its footprint locally and internationally
- Although remaining 4 divisions performances are trending well, operating margins still not optimal. Over the next 5 years:
 - Miladys plans to double its' operating margin %
 - Mr Price Home, Mr Price Sport and Sheet Street aim to increase operating margin % from single digits to well above 10%
- Longer term potential to increase GP%
- Significant non-store capex will create further efficiencies (sourcing/supply chain/HCMS)
- Ongoing cost control



Mr Price Group Limited

The Growth Strategy

**BUSINESS
MODEL**

SOUTH AFRICA

INTERNATIONAL

**SOURCING AND
SUPPLY CHAIN**

PEOPLE

- Focus on corporate owned stores
- Nigeria will provide a good test of operating away from home base
- Identifying market opportunities big enough to make a significant impact on growth
- Identifying most appropriate trading format to take advantage of opportunities in each market
- Building capabilities before scaling the business
 - Systems
 - Logistics
 - Suppliers



The Growth Strategy

**BUSINESS
MODEL**

SOUTH AFRICA

INTERNATIONAL

**SOURCING AND
SUPPLY CHAIN**

PEOPLE

- Digesting the findings of the recently completed supply chain study by international consultants
- Appointed an internationally experienced director to create a best in class supply chain and sourcing model
- Objectives are to improve visibility, ensure sustainable supply, enhance product flexibility and reduce lead times
- Issues under consideration:
 - Design partner collaboration
 - Strengthen relationships with key suppliers both locally and internationally
 - Factory direct sourcing
 - Offshore consolidation of merchandise
- Being able to respond quickly to merchandise opportunities will result in:
 - More on-time deliveries
 - Selling more full priced merchandise



The Growth Strategy

**BUSINESS
MODEL**

SOUTH AFRICA

INTERNATIONAL

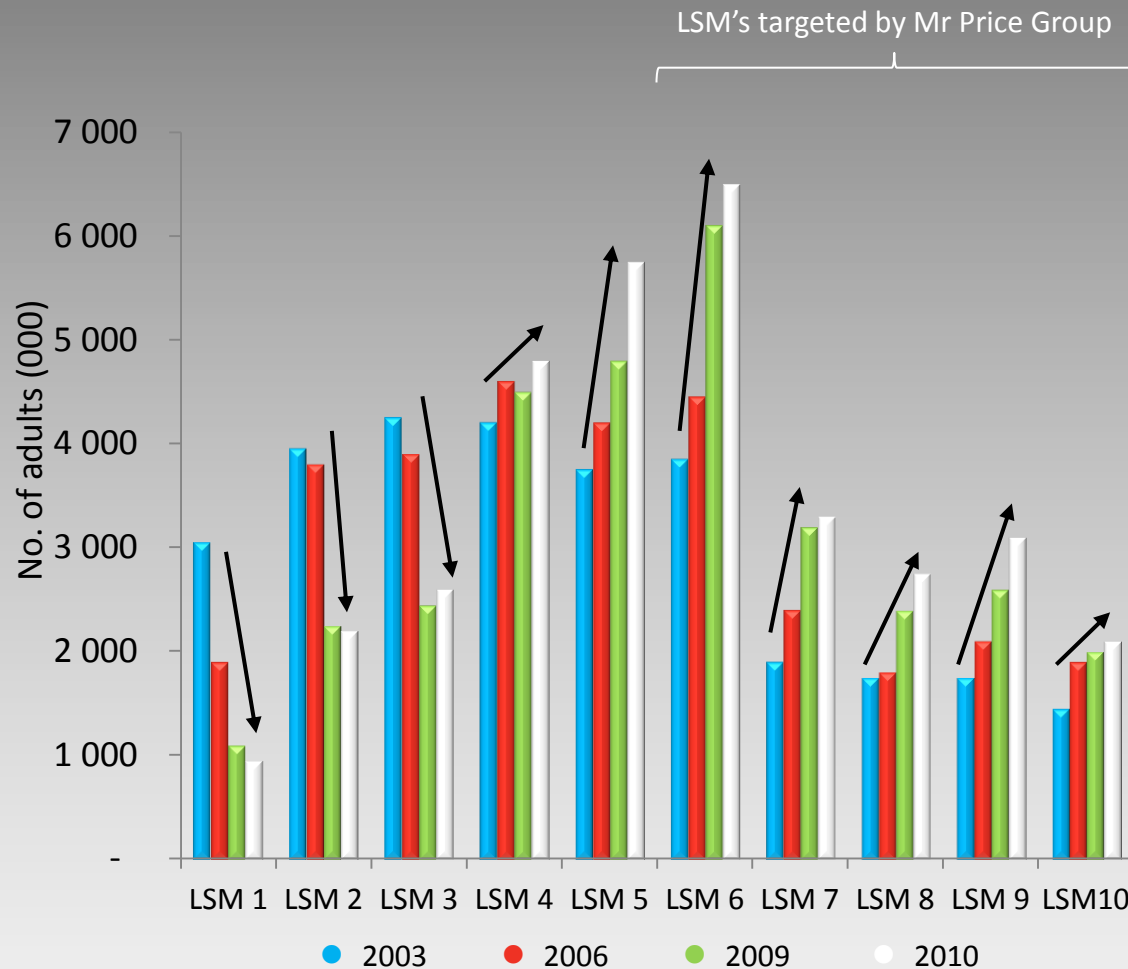
**SOURCING AND
SUPPLY CHAIN**

PEOPLE

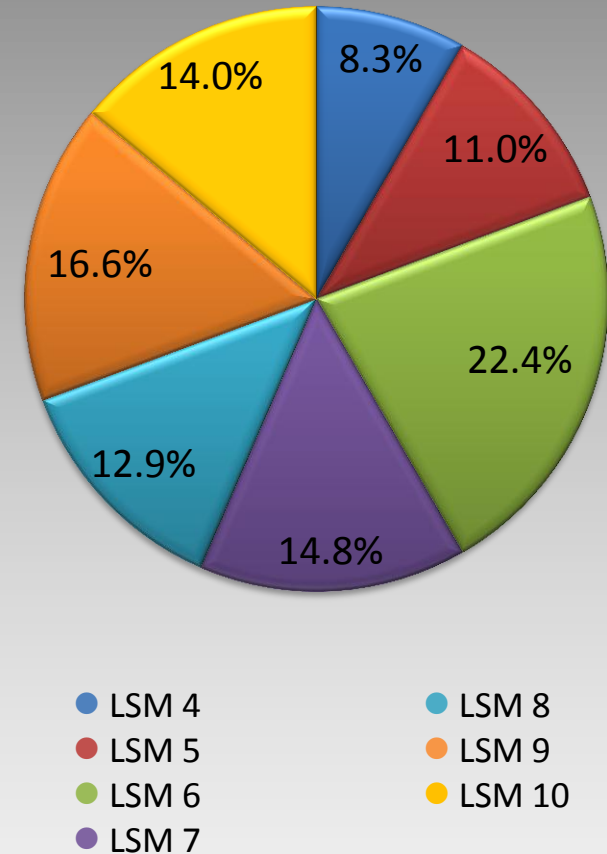
- Significant investment has been made in training across all levels
- Developing talent pool in key areas to support business growth
- Balance between home grown talent and external recruitment
- Employment equity continues to be a focus – approximately 70% of current year head office appointments and 75% of total group appointments
- Investigating implementation of a human capital management system that will:
 - Support our people interactions from hiring to training
 - Enable efficiencies via labour scheduling



Migration Through The LSM's



Customers per LSM
(AMPS July 2011)



Mr Price Group Limited



Prospects

- Plan to open 5 franchise stores, 22 owned stores and close 9 in the second half
- Rise in living standards for most South Africans will continue to benefit industries catering to consumers
- Indicators that the economy is slowing does not reflect in sales growth
- Perform well in good and poor economic conditions
- Base for the second half is high due to the recovery of the previously underperforming chains and the inclusion of an additional trading week which added 15.6c to HEPS
- Exciting period for the group as we position ourselves for the next phase of growth

Vision: To Be A Top Performing International Retailer



Mr Price Group Limited



Thank You