Mr Price Group Limited

Interim Results September 2012

2012 Group Highlights

RETAIL SALES AND OTHER INCOME
R6.2bn ↑ 14.5%

OPERATING PROFIT
R825m ↑ 21.2%

OPERATING MARGIN
13.7% ↑ 0.8%

HEADLINE EARNINGS PER SHARE
253.2c ↑ 35.2%

DIVIDEND PER SHARE
133.0c ↑ 42.1%

Achievements And Recognition

May:

- Included in MSCI Emerging Markets Index

June:

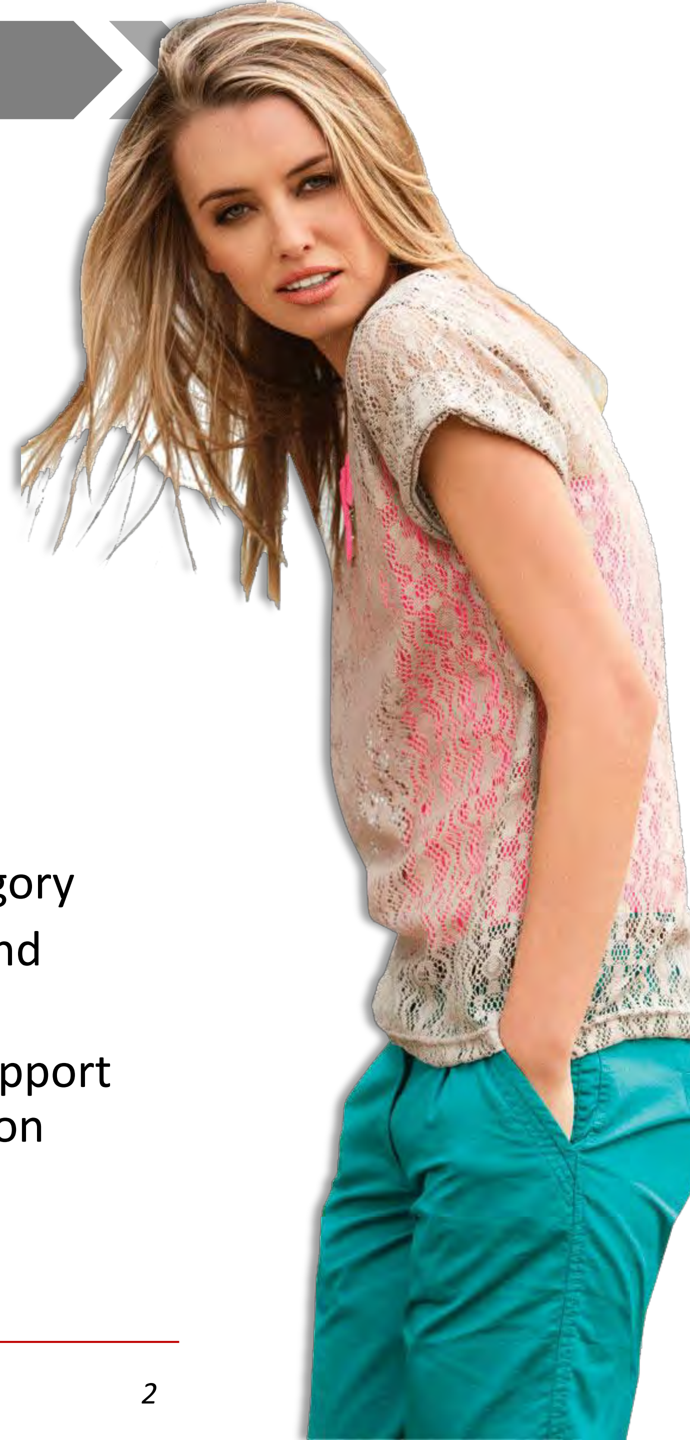
- IAS Awards 2012 – voted leader in corporate reporting in consumer services sector

July:

- Launched Mr Price Apparel online (www.mrp.co.za)
- Concluded ADR with Bank of New York Mellon

September:

- Included in the JSE Top 40 Index
- Finalist in the World Retail Awards – Emerging Markets category
- Test stores in new markets – Nigeria meeting expectations and Ghana performing well above
- Redcap Foundation received award for "Partnerships that support health, wellbeing and learning" at 11th International Education Business Partnership Network Conference



Benchmarking

- Finweek Top 200 Review – ranked 17th on JSE for internal rate of return and 15th for return on assets
- Sunday Times – ranked top performing company on JSE for total shareholder returns over 10 years
- Plimsol Analysis of global top 100 clothing retailers – ranked 64th for sales and 25th for pre-tax profit margin
- Highest returns out of local competitors, H&M and Inditex for:

– Return on capital employed	62.7%
– Return on shareholders' equity	47.2%
– Return on operating assets	67.2%

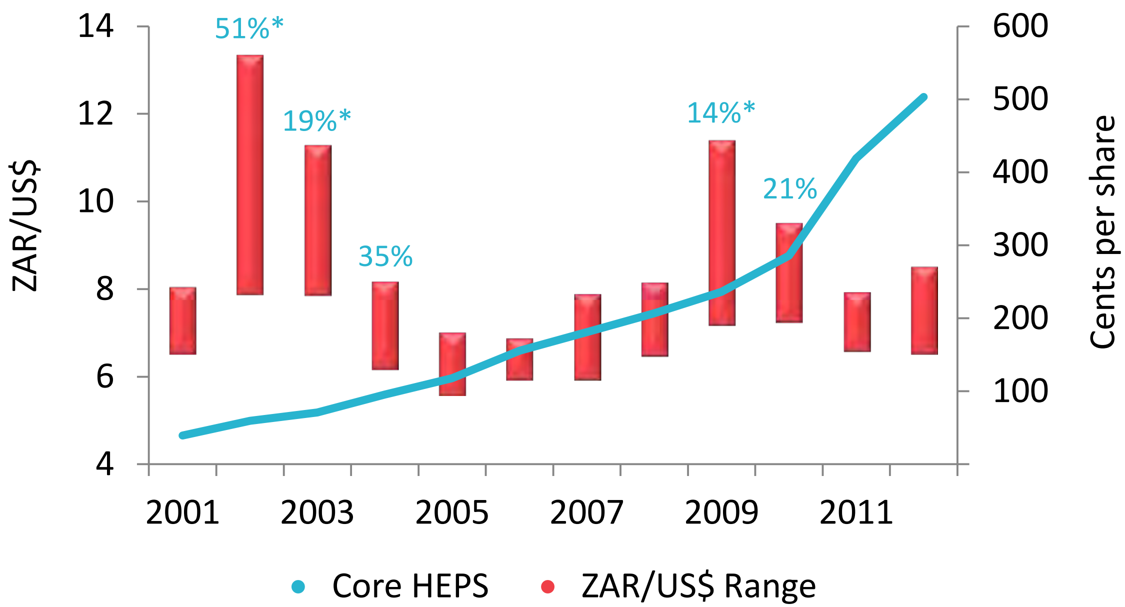
Overview Of The Retail Environment

- Consumer confidence levels improved, but still slightly negative and not supportive of strong growth in consumer spending
- Business confidence increased from 41 to 47 in Q3, but still negative
- Interest rates remain at historically low levels, unlikely to increase until end 2013
- Q3 unemployment 25.5% - decline of 0.6% on Q2 and 0.5 % on Q3 2011, however 327 000 jobs created (Q3/Q3)
- Wage increases lower than in previous years but remain above inflation. Trend expected to continue into 2013
- Inflation rate has largely been in targeted range for 3 years, likely to peak slightly above 6% in Q4 2012 and into 1^{st} half of 2013
- Currency weakness will result in higher general and merchandise inflation unless significant improvement in short term
- Forecast GDP growth for SA remains muted 2012: 2.2%, 2013: 2.6%

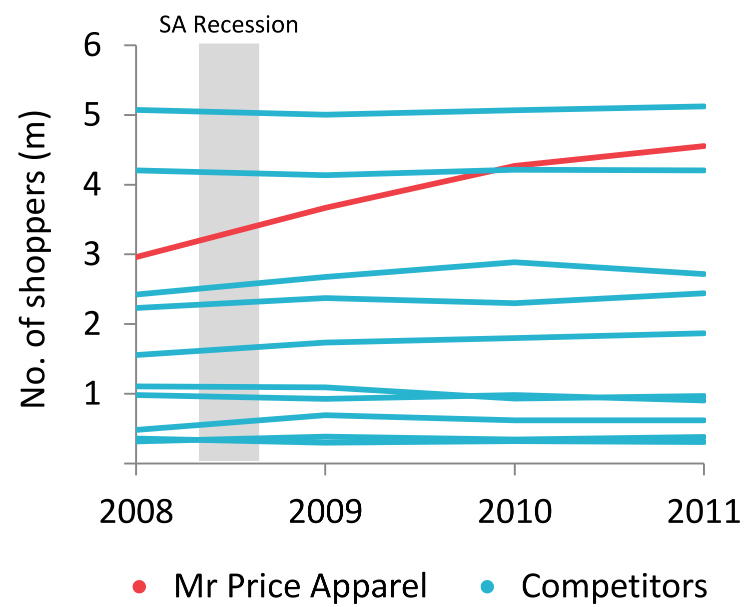
Source: Bureau for Economic Research/Rand Merchant Bank/Stats SA

Exchange Rates, Volatility And Performance

ZAR/US$ exchange rate and HEPS



AMPS (Jul-Jun)



* Core HEPS growth in years exchange rate exceeded R10/$1

- Have consistently achieved earnings growth throughout the cycles
- Level of imports is within the range of available competitor information
- All retailers will be impacted by a weaker rand, but MPC RSP's will be less affected due to comparatively lower price points
- Domestic production costs directly impacted by currency – yarn, fabric, dyes, trims as well as high administered costs – minimum wages, electricity, rates and fuel

Group Performance

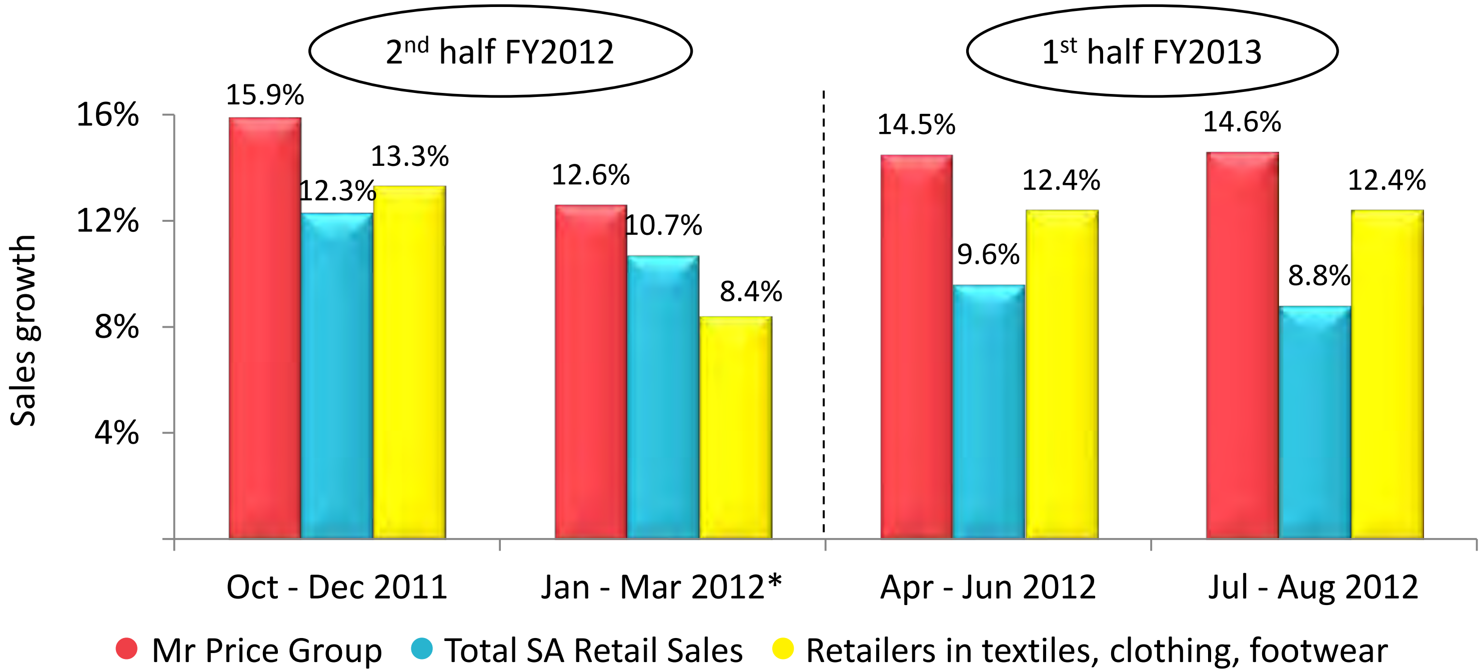
	2012	2011	Growth
Retail sales	R6.0 bn	R5.3 bn	13.9 %
Comparable sales			8.5 %
Unit sales	92 m	85 m	9.0 %
RSP inflation			4.3 %
Weighted average space growth (net)			3.7 %
Trading density	R23 998 m^{-2}	R21 964 m^{-2}	9.3 %
Operating margin	13.7 %	12.9 %	

	Stores	Space*
Beginning of period	962	515 833
Openings	34	11 398
Closures	(7)	(3 241)
Expansions (7)		1 191
Reductions (12)		(2 268)
End of period	989	522 913

* Net closing m^2, information represents movement from 1 April 2012

Retail Sales Growth

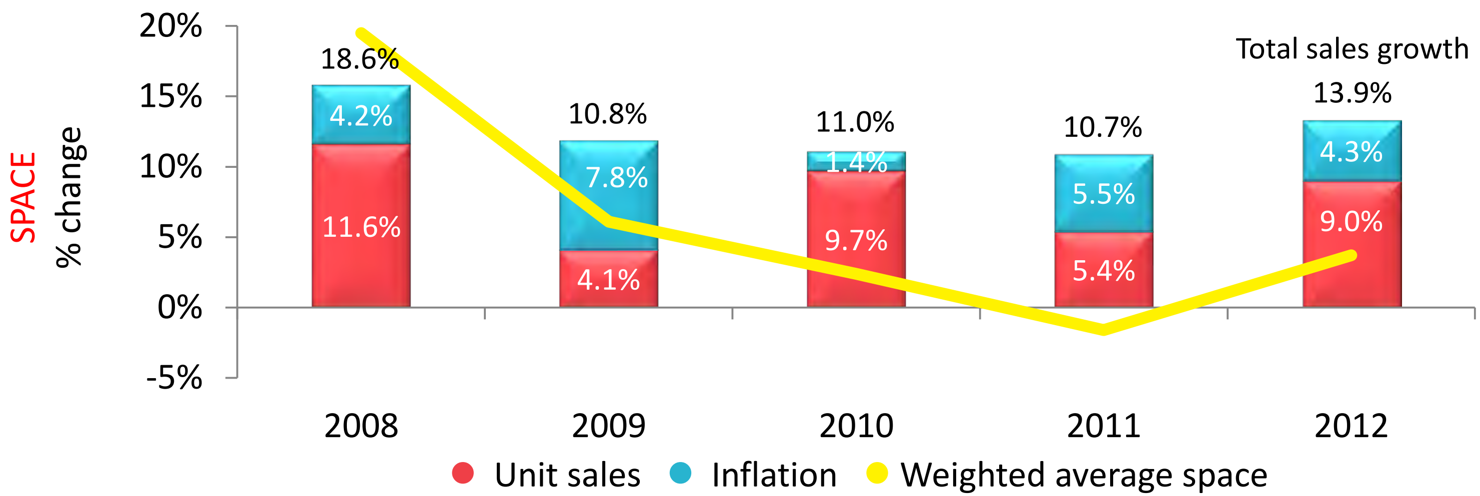
- Growth in total retail sales in RSA for 6 months to 31 March was favourably impacted by the performance of general dealers and retailers of food and beverages but has slowed in 5 months since
- Stronger performance by retailers of textiles, clothing, footwear and leather goods in 1st 5 months of the year
- MPC has consistently outperformed the market



* Adjusted to exclude 53rd week in base period

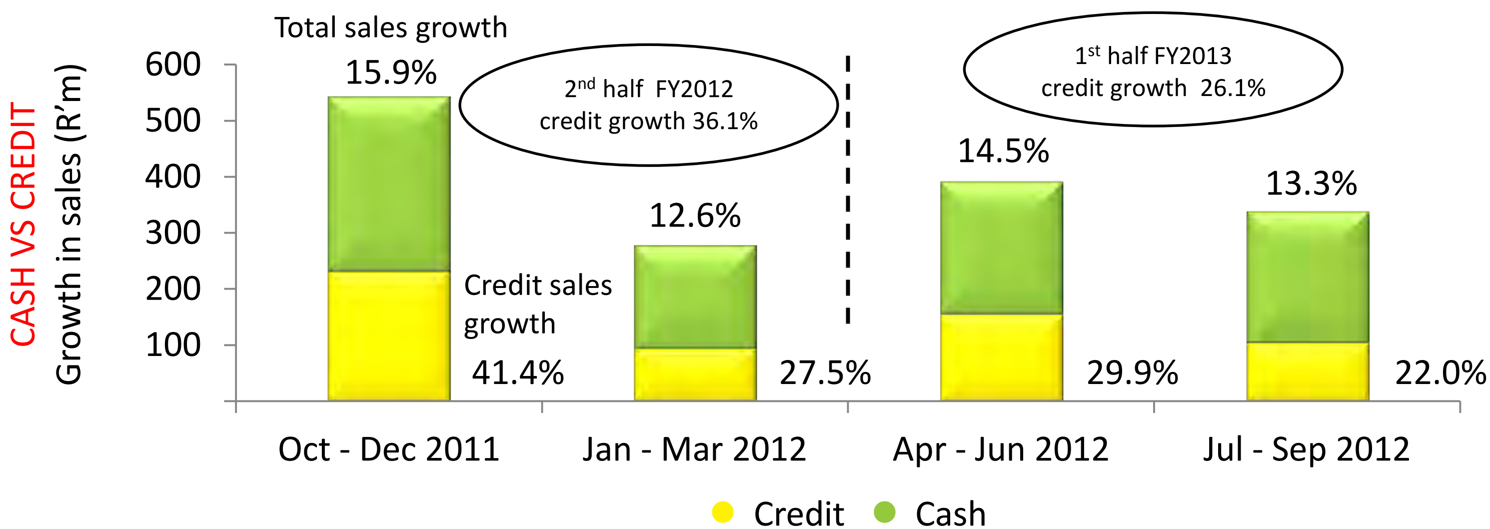
Source: Stats SA

Sales Analysis 2012



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

- Space reduction in 2011 due to store closures & reductions
- Closures substantially complete
- Ongoing reductions, however net space growth is planned for the foreseeable future



- High credit growth in Q3 FY2012:
  - High base for 2nd half FY2013
  - Credit growth in 2nd half FY2013 to slow further

2012 Group Income Statement

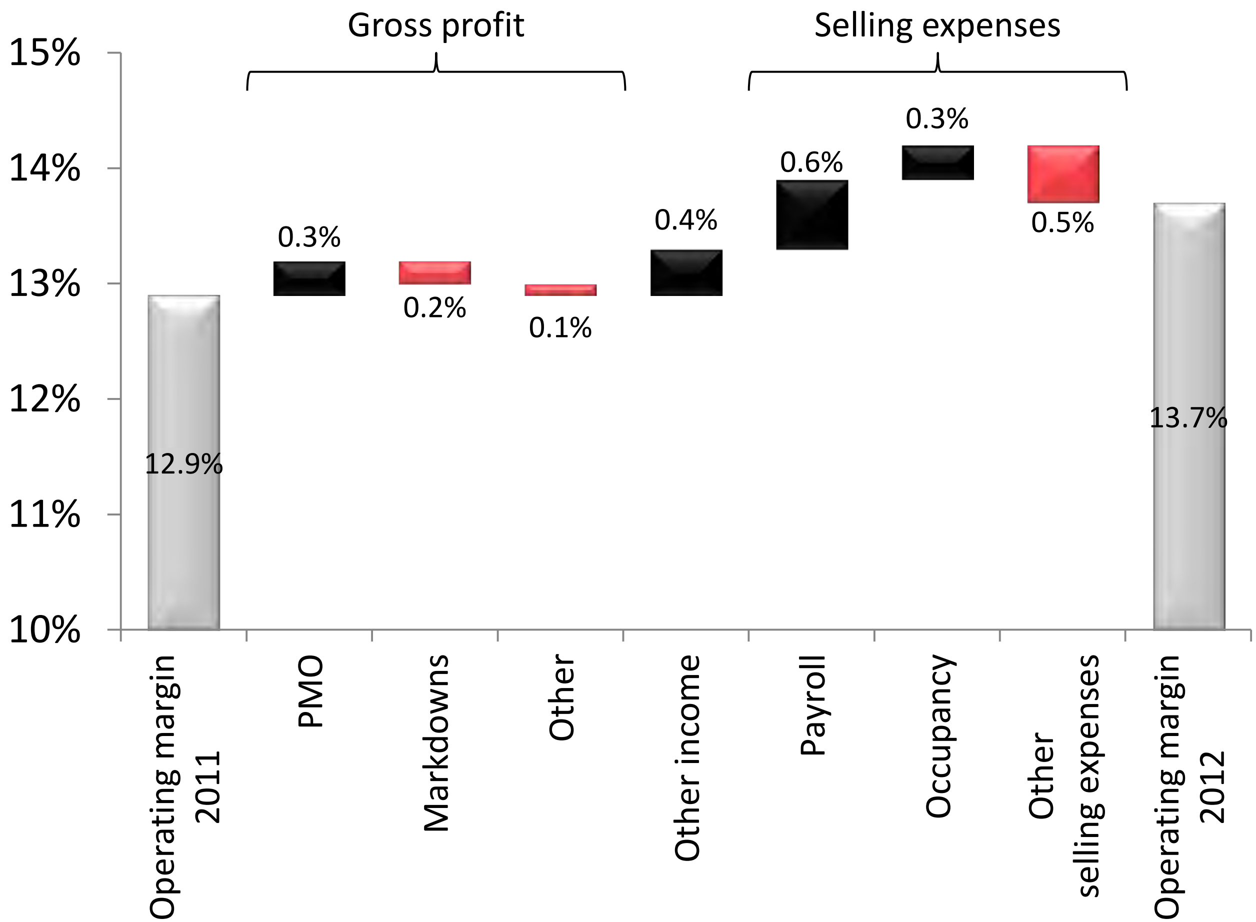
R'm	2012	% of sales	2011	% of sales	Growth
Retail sales	6 015		5 283		13.9 %
Cost of sales	3 532		3 099		14.0 %
Gross profit	2 483	41.3%	2 184	41.3%	13.7 %
Other income	186		132		40.8 %
Selling expenses	1 404	23.3%	1 252	23.7%	12.2 %
Administrative expenses	440	7.3%	384	7.3%	14.5 %
Profit from operating activities	**825**	**13.7%**	**680**	**12.9%**	**21.2 %**
Net finance income	22		16		34.3 %
Profit before taxation	847		696		21.7 %
Taxation	242		243		(0.2 %)
Profit attributable to shareholders	605		453		33.5 %
EBITDA	**923**	**15.3%**	**776**	**14.7%**	**19.0 %**

Analysis Of Expenses

	2012 R'm	% increase	2011 R'm
Selling expenses	1 404	12.2%	1 252
Constitute 76% of total expenses			
Inflation (5.8%) and weighted average space growth (3.7%)		(9.5%)	
		2.7%	
% of retail sales	23.3%		23.7%

- Increase in bad debts
- Electricity and rates increases well above inflation
- Impairment of intangibles R10.7m
- E-Commerce costs R5.4m
- Excluding items above, increase in selling expenses is 7.3%
- Rentals and salaries well controlled
- 89 lease renewals to date reflect increase of 4.7% in base rentals
- 34 new stores opened and 7 closed vs. 18 and 11 in comparable period
  - New/expansions: incur costs prior to opening

Operating Margin Improvement



Earnings And Dividends Per Share

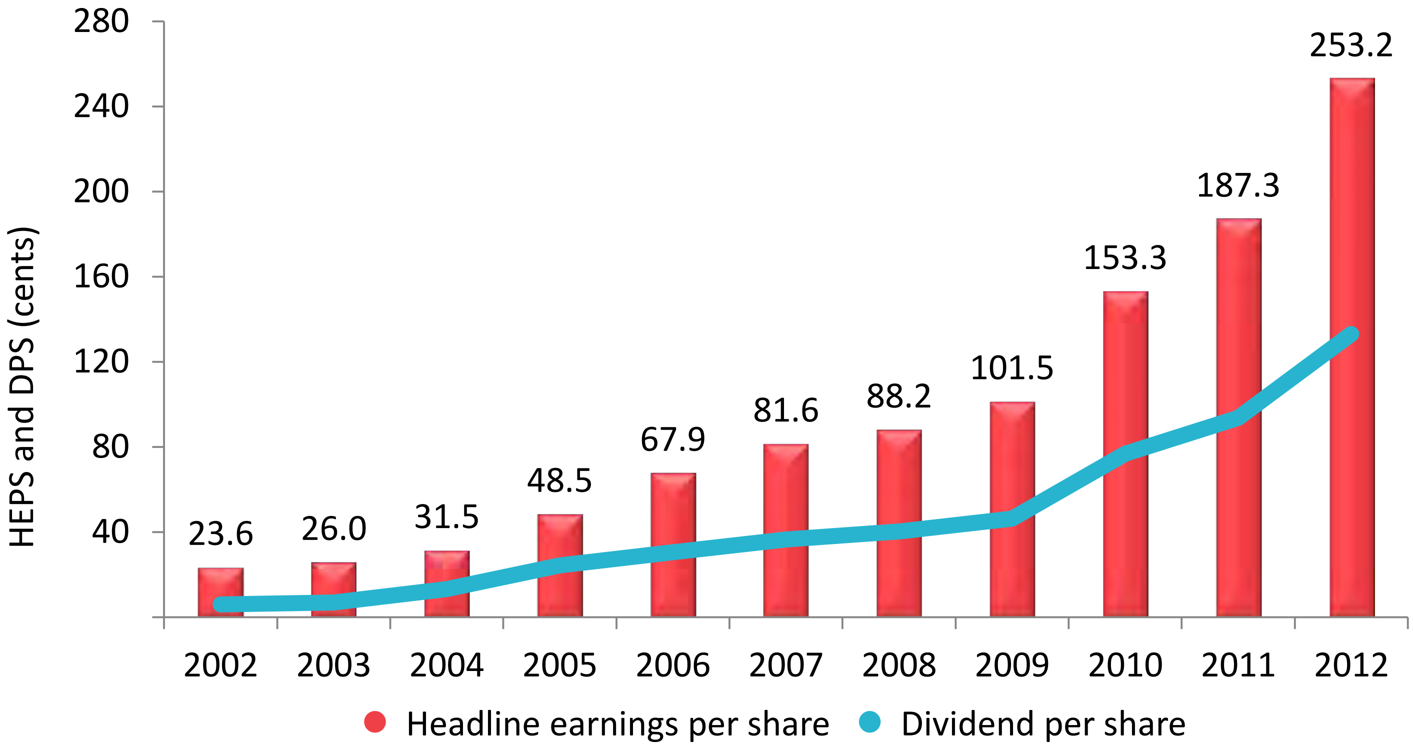
	2012	2011	Growth
Earnings per share			
Basic	247.8 c	186.6 c	32.8 %
Headline	253.2 c	187.3 c	35.2 %
Fully diluted headline	232.5 c	173.2 c	34.3 %

- Trading update 25 Oct 2012 – HEPS growth expected to be 30-35%
- HEPS growth impacted by change from STC to dividends tax – no STC charge in current period

	2012	2011	Growth
Dividend per share			
Interim dividend	133.0 c	93.6 c	42.1 %
Dividend cover (times)	1.9	2.0	
Dividend payout ratio	52.5 %	50.0 %	

- Dividend payout ratio increased in order to:
  - More closely align interim with year end ratio
  - Reduce impact of dividends tax which did not apply in base period
- Assuming shareholders not exempt from withholding tax, net dividend is 113.1 cents per share, an increase of 20.8%

Performance Record



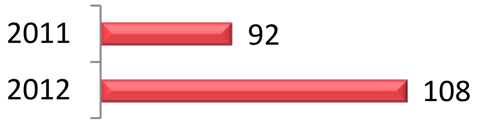
	HEPS	DPS
5 year CAGR	25.4%	29.5%
10 year CAGR	26.8%	36.3%
March 2012 26 year CAGR	23.4%	25.3%

Financial Position

R'm	2012	2011
Non-current assets		
Property, plant and equipment	584	486
Intangible and other assets	212	159
Current assets		
Inventories	1 117	1 055
Trade and other receivables	1 342	1 056
Cash and cash equivalents	1 030	900
	4 285	3 656
Equity attributable to shareholders	2 800	2 222
Non-current liabilities	199	185
Current liabilities	1 286	1 249
	4 285	3 656

Financial Position

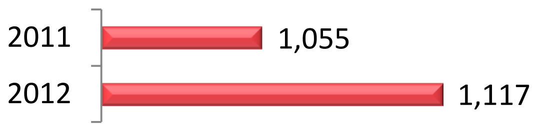
Intangible assets (R'm)



↑ 16.5%

- E-Commerce system
- Human Capital Management and merchandise related systems
- IT software licenses

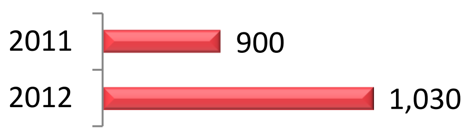
Inventories



↑ 5.9%

- Growth in Home chains lower than sales growth
- Affected by delivery problems Aug/Sep 12, but improved since

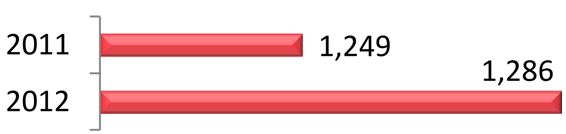
Cash and cash equivalents



↑ 14.5%

- Lower share purchases for share incentive schemes
- Cash flow from operations aided by improved working capital management, improved operating profit and higher interest income

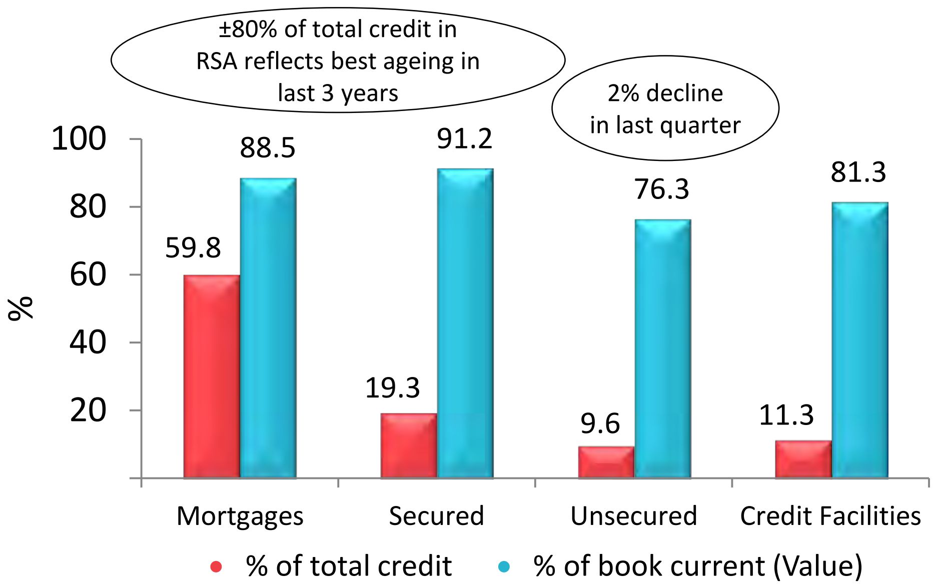
Current liabilities



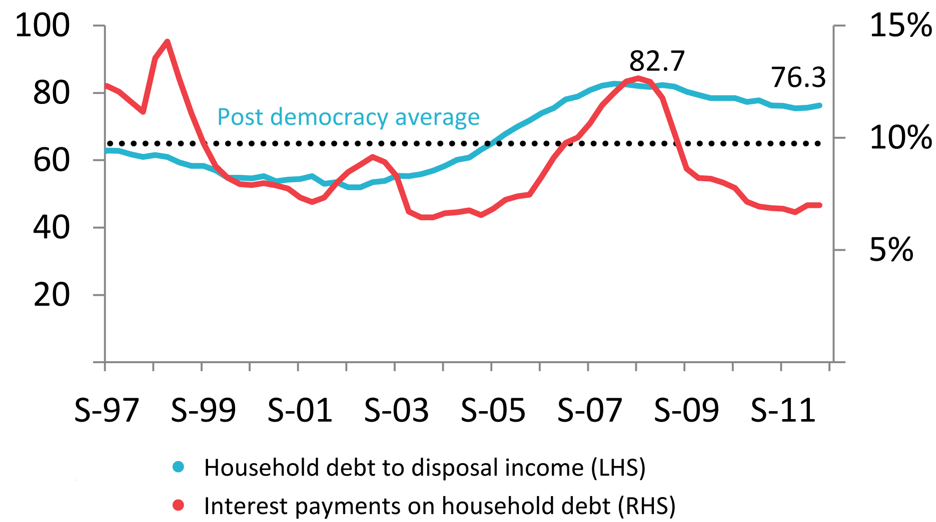
↑ 3.0%

- Decrease in outstanding cheques due to move to EFT
- Increase in trade payables in line with inventory growth

Accounts Receivable



Source: National Credit Regulator



Source: Macquarie Research

Unsecured lending growth driven by:

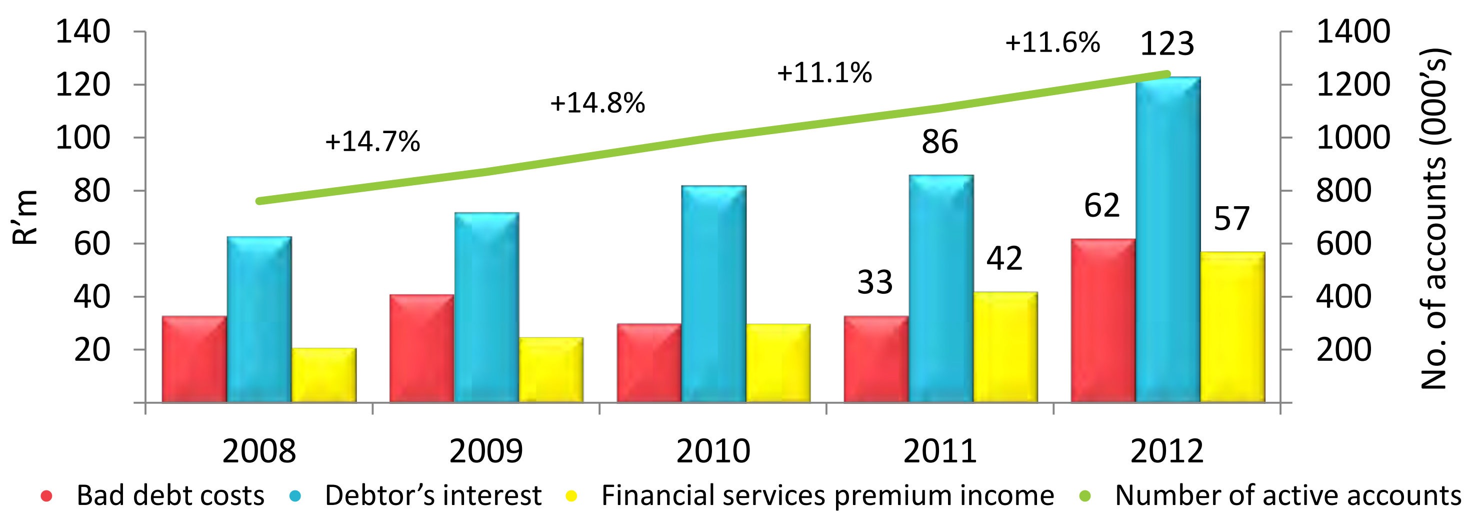
- Income growth – average annual increase in public sector wage bill 16% since 2008
- Switch from ‘access bonds’ which has dried up
- Debt consolidation – however growth rate is lower when viewed net of settlements
- 67% increase in number of working adults earning >R15k per month (2008-2011)

Credit quality remains robust – ‘consumers are currently living within their means’
(Credit Suisse, Sep 2012)

Accounts Receivable

	2012	2011	Growth
Gross trade receivables	R1 351 m	R954 m	41.6 %
Number of active accounts	1 240 k	1 111 k	11.6 %
Credit sales	R1 254 m	R994 m	26.1 %
Percentage able to purchase	89.9 %	91.1 %	
Annualised net bad debt - % of debtors	6.1 %	4.1 %	
Excludes collection costs, movement in provision			
Impairment provision	8.1 %	8.0 %	

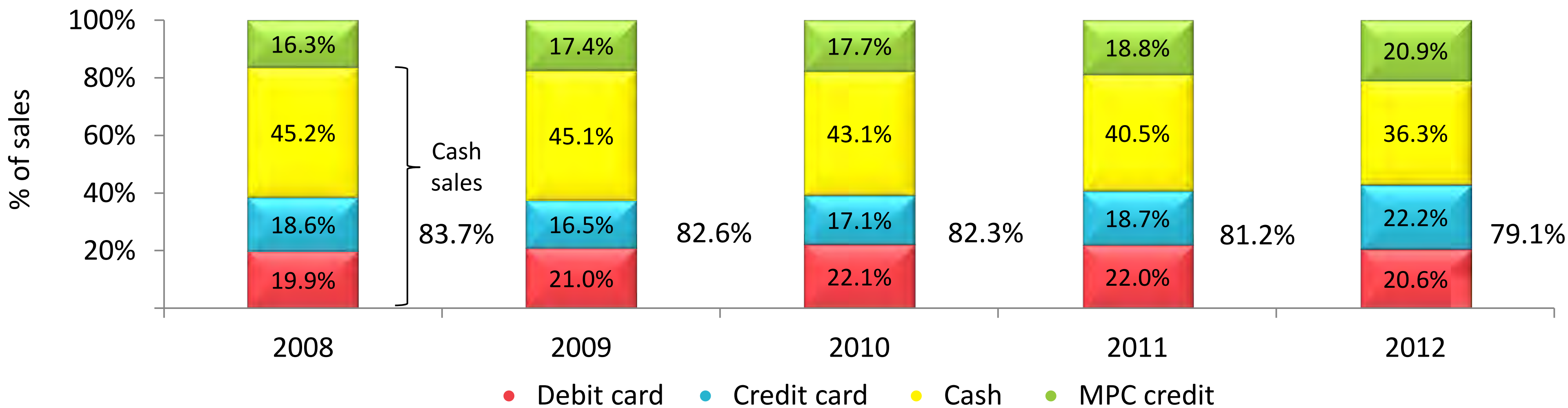
Interest less bad debts has grown by 15%



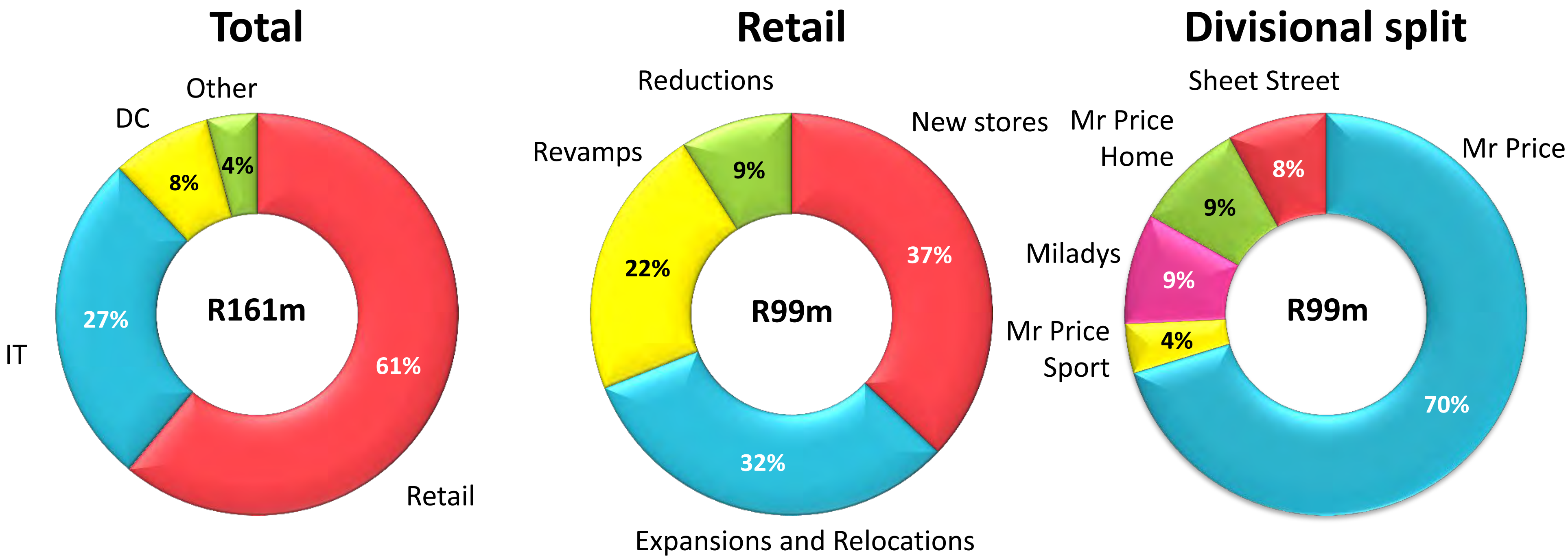
Trade Receivables

- Festive campaign in Q3 FY2012 resulted in credit growth higher than desired
- Reacted by reducing limits and balancing growth of 6 and 12 month books
- 90% of total debtors (‘old book’ and ‘new book’ - written since Jan 2012) performing well
- Independent benchmarking – MPC still has the cleanest book in the industry (PIC Solutions)
- Several downside risks exist in the unsecured credit area in RSA
  - Unrest/unemployment
  - Real wage growth has reduced substantially
  - Repayments are high due to loan period and are interest rate sensitive

MPC tender types



Capital Expenditure



- Charge for period: Depreciation - R83m (2011: R83m)
  Amortisation - R15m (2011: R12m)
- Capital expenditure for FY2013 is projected at R340m (retail: 62%)

Mr Price Group Limited

Divisional Performance

Segmental Performance Apparel

	2012	2011	Growth
Retail sales*	R4.3 bn	R3.8 bn	13.1 %
Comparable sales			7.5 %
Unit sales	65.0 m	59.9 m	8.5 %
RSP inflation			4.1 %
Weighted average space growth			4.7 %
Number of stores	600	580	
Trading density	R26 812 m^{-2}	R24 687 m^{-2}	8.6 %
Operating profit	R727.9 m	R626.6 m	16.2 %
Operating margin	17.0 %	16.5 %	

* Includes sales to Franchisees

Mr Price

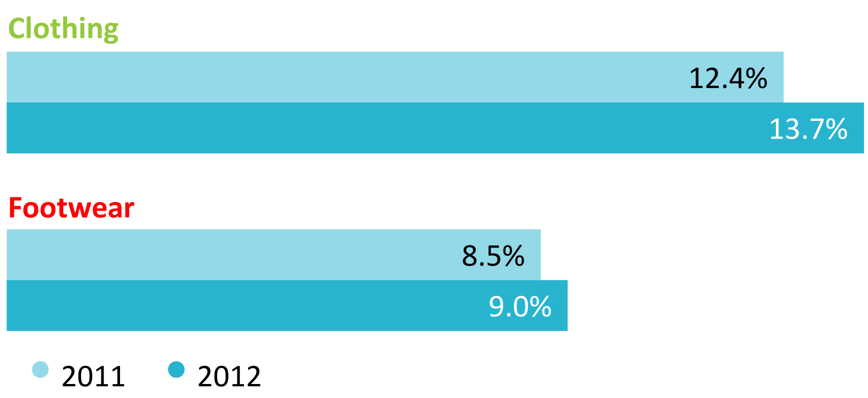
	2012	2011	Growth
Retail sales*	R3.3 bn	R3.0 bn	11.2 %
Comparable sales			4.7 %
Enhanced comparable sales**			7.2 %
Unit sales	56.2 m	52.5 m	7.0 %
RSP inflation			3.6 %
Stock turn (times)	7.3	7.9	
Weighted average space growth			7.3 %
Number of stores	363	344	
Trading density	R31 052 m^{-2}	R29 755 m^{-2}	4.4 %

* Divisional information excludes sales to Franchisees
** Includes expanded stores in like for like locations

- Increased operating profits despite
  - Higher markdowns due to clearing excess stock from previous summer and impact of late winter
  - Poor spring deliveries due to transport strike and port delays
  - Carrying expenses on behalf of the group in testing new markets and establishment of online capability

Mr Price Highlights

RLC market share (%)
(up to 30 June)



Contribution to sales

- Digesting AMPS results – preliminary results contradict sales performance, market share, number of transactions and basket size data
- Retailmap research – opportunity to widen pricing architecture
- New look stores 1st year performance ahead of feasibility - combined branch contributions up 55%
- Nigeria and Ghana trading well, further store planned for Nigeria in 2nd half
- Successfully launched online in July 2012

Mr Price Sport

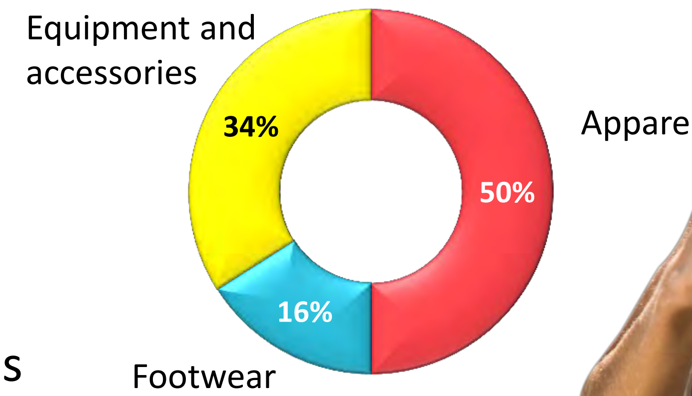
	2012	2011	Growth
Retail sales	R373 m	R294 m	27.0 %
Comparable sales			15.5 %
Unit sales	4.6 m	3.9 m	17.7 %
RSP inflation			7.9 %
Stock turn (times)	5.2	5.5	
Weighted average space growth			5.2 %
Number of stores	49	44	
Trading density	R16 277 m^{-2}	R13 553 m^{-2}	20.1 %

- Impacted by same delivery issues as Apparel
- However strong comparable sales growth driven by equipment, accessories and seasonal sports:
  - Improved range of international brands
  - Widening of assortments
  - Further development of high performance house brands

Mr Price Sport Highlights

- Maxed Elite and Trail Tech tests successful - range to be expanded
- Gross profit % increase due to improved markdowns
- Growth in expenses well below sales increase
- New look stores exceeding sales and profitability expectations
- Smaller store format continues to be successful
  - 7 of top 10 performing stores are <1,000m²
  - Format to drive future store rollout

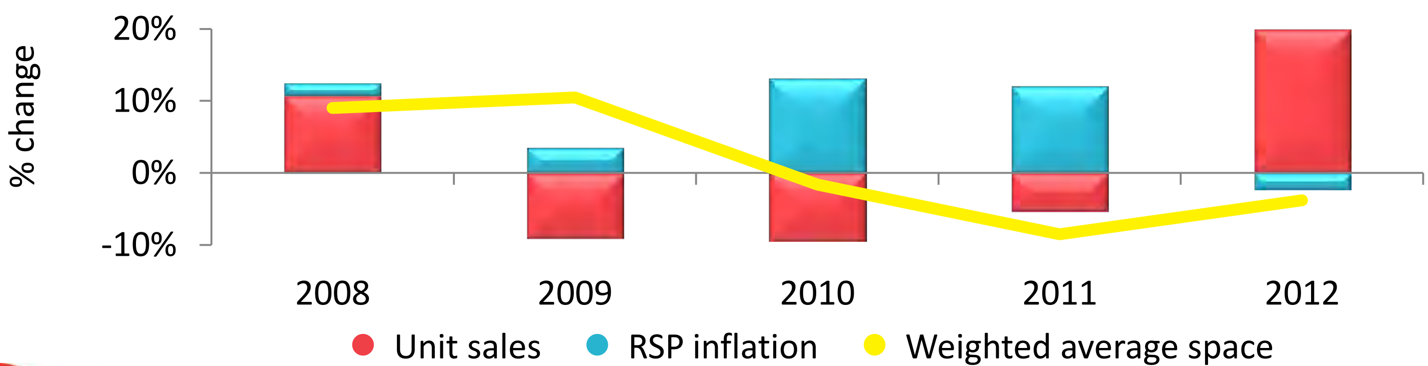
Contribution to Sales



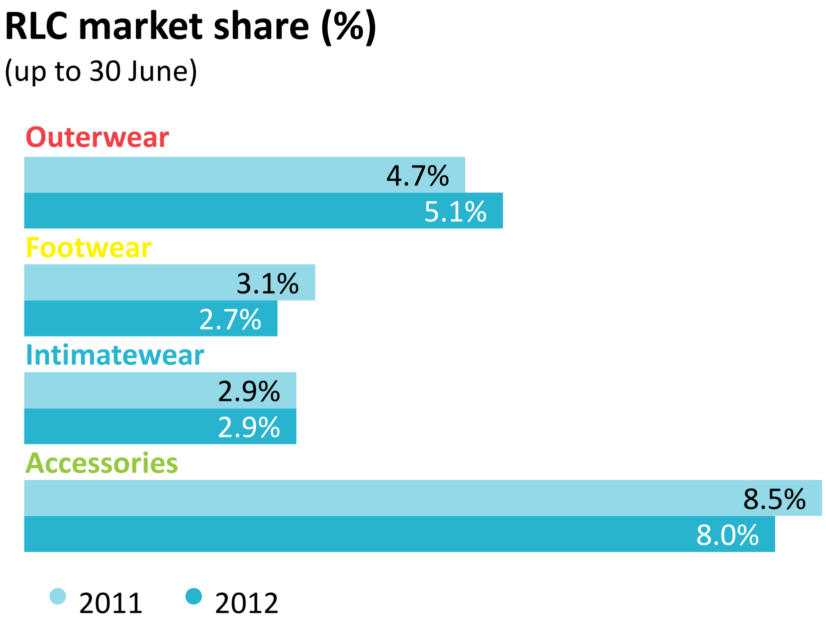
Miladys

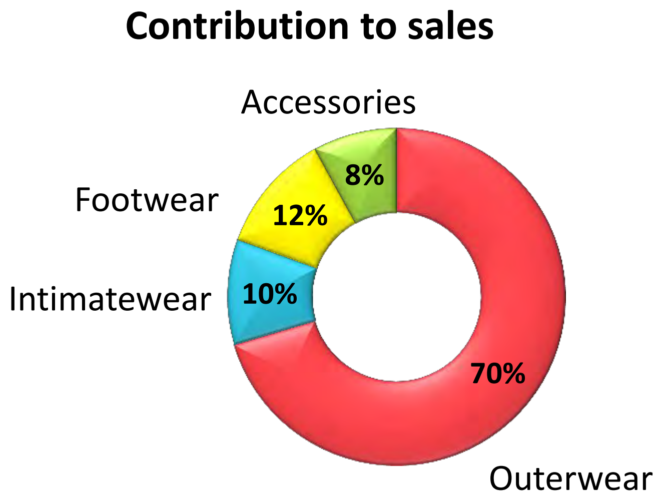
	2012	2011	Growth
Retail sales	R605 m	R515 m	17.5 %
Comparable sales			18.5 %
Unit sales	4.2 m	3.5 m	19.6 %
RSP inflation			(2.3 %)
Stock turn (times)	6.1	5.5	
Weighted average space growth			(3.8 %)
Number of stores	188	192	
Trading density	R19 740 m^{-2}	R16 269 m^{-2}	21.3 %

- Delivery issues also experienced in spring
- Improved merchandise offer is key driver of sales performance
- Gross profit % maintained (lower input margin and lower mark downs) and excellent cost control



Miladys Highlights

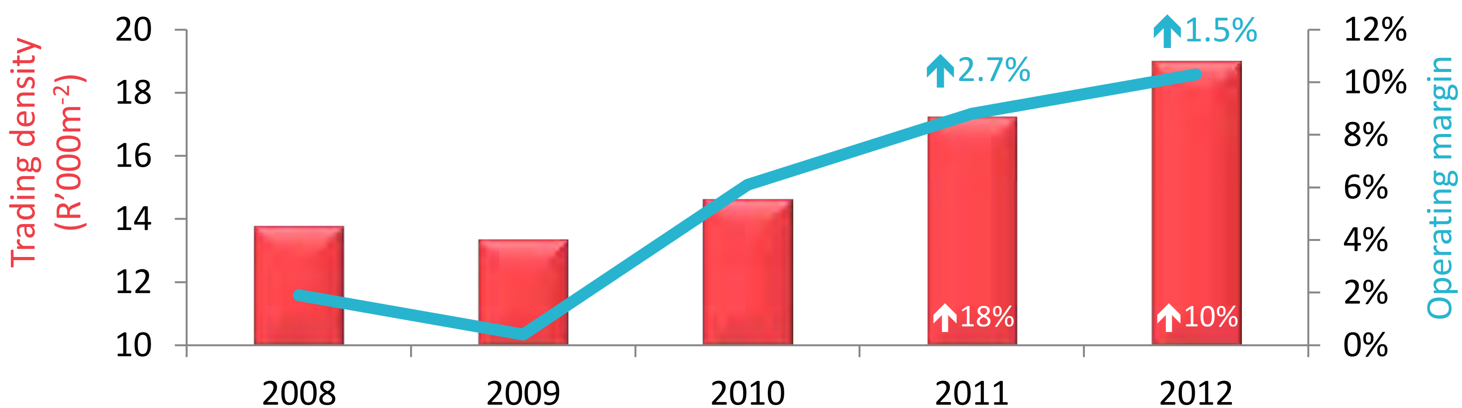




- AMPS:
  - 9% increase in no. of shoppers, compared to AMPS universe increase of 3%
  - 13% increase in 35+ age group
- Nielson Landscape survey:
  - increase in spontaneous awareness compared to prior year, with the highest being in the 35+ age group
  - improved brand affinity
- Improved performance in 2nd half FY2012 continued into 1st half of this year, however many opportunities for further improvement still exist

Segmental Performance Home

	2012	2011	Growth
Retail sales	R1.7 bn	R1.5 bn	15.9 %
Comparable sales			10.9 %
Unit sales	27.2 m	24.7 m	10.2 %
RSP inflation			4.6 %
Weighted average space growth			1.8 %
Number of stores	389	364	
Trading density	R19 014 m^{-2}	R17 258 m^{-2}	10.2 %
Operating profit	R178.1 m	R130.5 m	36.5 %
Operating margin	10.3 %	8.8 %	



- Strong correlation between density and operating margin
- Trend expected to continue with ongoing right sizing of stores

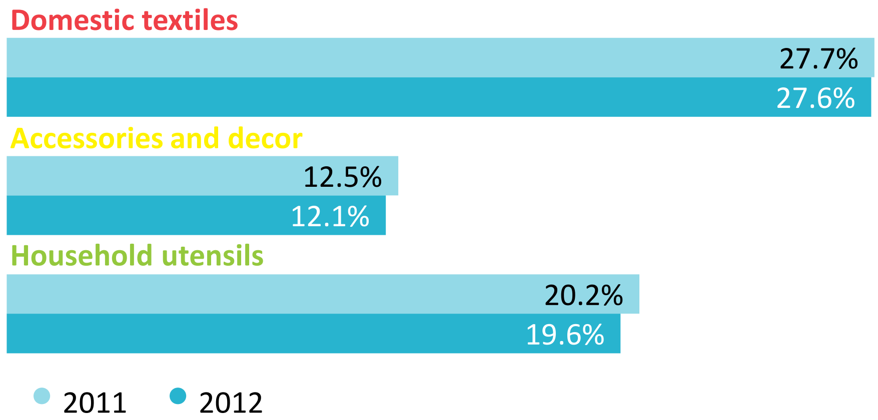
Mr Price Home

	2012	2011	Growth
Retail sales	R1.2 bn	R1.0 bn	16.6 %
Comparable sales			11.5 %
Unit sales	18.8 m	17.0 m	10.9 %
RSP inflation			3.9 %
Stock turn (times)	6.0	5.9	
Weighted average space growth			1.5 %
Number of stores	144	133	
Trading density	R17 511 m^{-2}	R15 882 m^{-2}	10.3 %

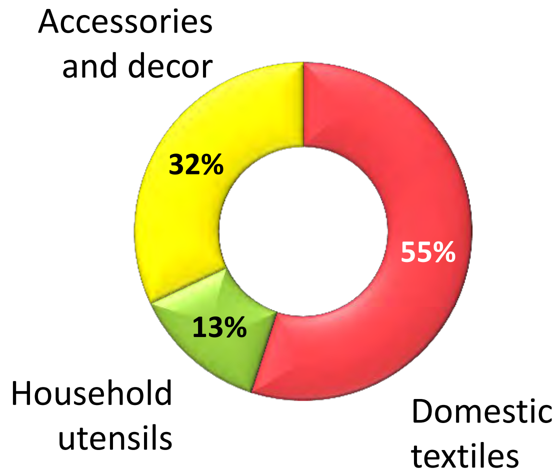
- Home chains not as affected by delivery issues as Apparel
- Good sales performance in living decorative, bedroom and kitchen departments
- Improved gross profit % as a result of lower markdowns and carriage
- Single digit growth in operating expenses
- Achieved double digit operating margin at the half year for the 1st time

Mr Price Home Highlights

RLC market share (%)
(up to 30 June)



Contribution to sales



- Per AMPS grew total shopper numbers by 25%, against a stable total population, and 10% growth in homewares categories
- Have grown shopper numbers 53% since 2008
- Remains the most loved and most frequented homewares retailer
- New look Sandton store open almost a full year – ROCE increased to 153%
- The Times/Sowetan Top Retail Awards – winner of Home Accessories & Décor category

Sheet Street

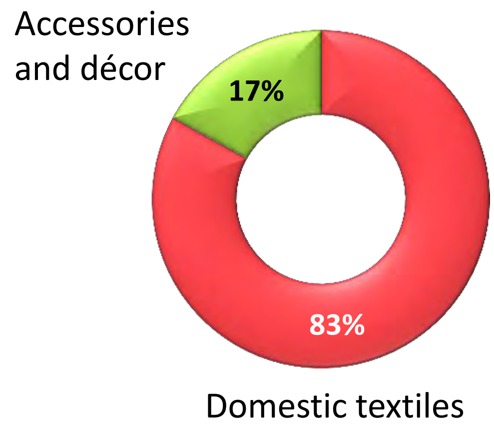
	2012	2011	Growth
Retail sales	R541 m	R469 m	15.4 %
Comparable sales			9.7 %
Unit sales	8.4 m	7.8 m	8.7 %
RSP inflation			6.2 %
Stock turn (times)	6.8	6.8	
Weighted average space growth			2.6 %
Number of stores	245	231	
Trading density	R23 368 m^{-2}	R21 210 m^{-2}	10.2 %

- Gross profit % improvement due to higher input margin (largely product mix) and lower carriage (volume reduction initiatives)
- Strong cost control
- In store stock issues between Dec and Feb in prior year will provide sales growth opportunity in 2nd half of the year

Sheet Street Highlights

RLC market share (%)
(up to 30 June)

Contribution to sales



- Winner of the Ask Afrika Orange Index 2012 - customer service levels in Home & Décor category
- Daily News Your Choice Awards – 1st place in Best Linen category
- The Times/Sowetan Top Retail Awards - Home Accessories & Décor category - placed 2nd to Mr Price Home
- Roll-out of new look to 26 stores. In total, 11 new stores opened >3 months exceeding branch contribution expectations, which are higher than divisional average

The Growth Strategy

SOUTH AFRICA

Space

- Targeting 4-5% annual growth
- Smaller store formats have been successful to date. Viable in areas previously not considered and not dependent on major centre developments
- Expansion opportunity mainly in Mr Price Apparel – aim to expand 127 stores
- Ongoing reductions particularly in Mr Price Home and Mr Price Sport but also in Miladys and Sheet Street
- Focus on rental negotiations and lease terms

Market share

- All divisions have identified opportunities in specific departments to grow market share

Pricing architecture

- Following the success of testing designer collaborations in Apparel and Maxed Elite and Trail Tech in Sport, opportunity exists to widen pricing architecture in many categories

Margins

- Significant margin improvement achieved in recent years, however Home chains, Miladys and Mr Price Sport still well short of operating margin potential

The Growth Strategy

SOUTH AFRICA

Why online?

- To protect and grow local market share
- Lower costs associated with this model
- To use platform to launch brand in prospective international markets

Key differentiators

- 3 delivery channels, mobile enabled, 6 payment methods
- Low delivery costs relative to competitors
- Full range of merchandise available to every South African
- Ability to track orders online, through call centre and status updates sent via sms/email
- Industry leading security - 1st SA retailer to partner with Cybersouce Payment Gateway

The Growth Strategy

SOUTH AFRICA

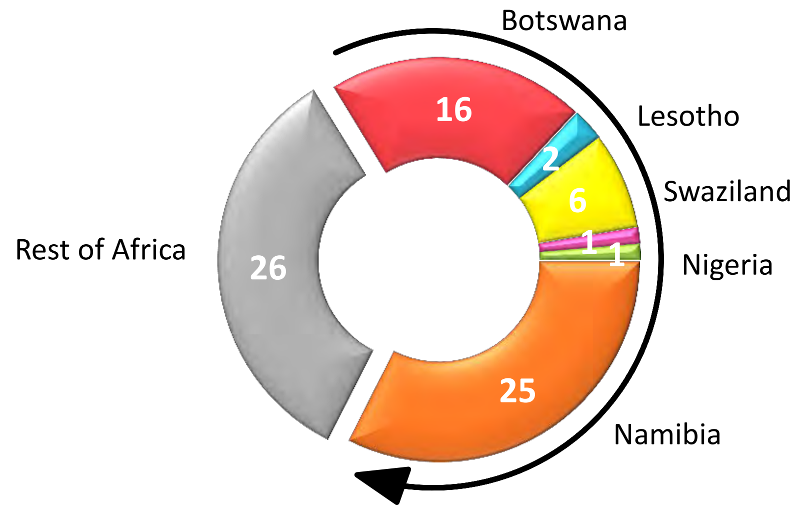
- Performance metrics achieved:
  - Conversion rates
  - Average basket size
  - Time spent on site
  - Average page views
  - Ratio of mobile pages to web pages viewed

  are characteristic of a mature USA/European E-Commerce business – very unusual for a new start up
- Key focus is to drive traffic to the site as metrics in line with industry leaders
- Brand is being closely watched by international/expatriate communities
- Average basket size higher than both those of cash and credit
- Number of weekly orders continues to increase

The Growth Strategy

SOUTH AFRICA | **INTERNATIONAL**

- 14 years experience operating in Africa
- Test stores in Ghana and Nigeria highlight potential of these markets
  - Double digit operating margin in 1st year
  - Ghana top quartile store
- Focusing on supply chain to reduce landed cost and reduce selling prices further. Will positively impact unit sales. Informal market is our competition, particularly in Nigeria. Store growth will be gradual as a result of availability of formal retail space
- Investigating alternative trading formats
- Online is a key enabler in entering new markets
- Opportunity for Apparel, Home and Sport
- Plan to acquire selected franchises



FRANCHISED	**26**
Mr Price Apparel	19
Mr Price Home	7

OWNED	**51**
Mr Price Apparel	25
Mr Price Sport	1
Miladys	8
Mr Price Home	6
Sheet Street	11

The Growth Strategy

SOUTH AFRICA | INTERNATIONAL | **SUPPLY CHAIN**

Productivity improvements

- Implemented e-Tradex – paperless importing and exporting system that resulted in improved accuracy and speed
- Now capable of ordering in multiple currencies for delivery to multiple destinations
- Implemented PANDA – print and apply system which automates delivery instructions at the DC

Distribution centre

- Anticipated date for new DC extended to FY2016
- Temporary solution will be to rent additional space that will handle volumetric stock
- Suitable land identified and offer accepted, subject to due diligence and municipal and govt. approvals

The Growth Strategy

SOUTH AFRICA | INTERNATIONAL | **SUPPLY CHAIN**

Consolidation centres

- 3 offshore third party centres used (2 in China, 1 in Bangladesh)
- Test phase – 1.5 million units from 20 factory direct suppliers
- Benefits are:
  - Reduced freight costs
  - Increased visibility
  - Avoiding double duties by merchandise destined for foreign stores being received directly into bond store

Strengthening relationships with key suppliers

- Apparel entered into strategic ‘partnerships’ with 10 suppliers, covering 60% of order book
- Trend and forecast information shared, leading to improved reaction time, resourcing, quality and prices

Factory direct sourcing

- Increased by 69% in value in last 6 months

Reduced dependence on China

- Reduction of 2.5% of total purchases from China in 1st half
- Approximately half of this picked up by South African manufacturers, which has increased by 38% in the last 2 years
- Now source from over 30 countries

The Growth Strategy

SOUTH AFRICA | INTERNATIONAL | SUPPLY CHAIN | **SYSTEMS**

ERP system

- New ERP system required to support future local and international growth
- Strategic IT assessment complete
- Possible vendors identified
- Vendor and client site visits undertaken
- Proof of concept presentations currently underway
- Selection expected by year end

The Growth Strategy

SOUTH AFRICA | INTERNATIONAL | SUPPLY CHAIN | SYSTEMS | **PEOPLE**

- Human Capital Management system currently being implemented
- Roll-out of Dayforce labour scheduling system to 50 stores in November. Balance of stores over next 12 months
- Training spend increased 225% over last 3 years
- 92% of new associates are employment equity candidates, of which 62% are female
- Expanding capacity in key growth areas
- Robust group succession plan in place
- Share schemes proving to be a strong motivation and retention tool given company and share price performance

Thank You


ABOUT MY HOME IS
WHO I SHARE
IT WITH
- TAD CARPENTER
FORGIVE AND LET GO
EVERYONE IS HUMAN
TAKE CARE OF THIS MOMENT
BE CONGRUENT, BE AUTHENTIC, BE YOUR TRUE SELF
PERSIST
CONTINUE TO GROW & EVOLVE
SEE THE GOOD IN PEOPLE & HELP THEM
Life is GOOD