

# **Mr Price Group Limited**

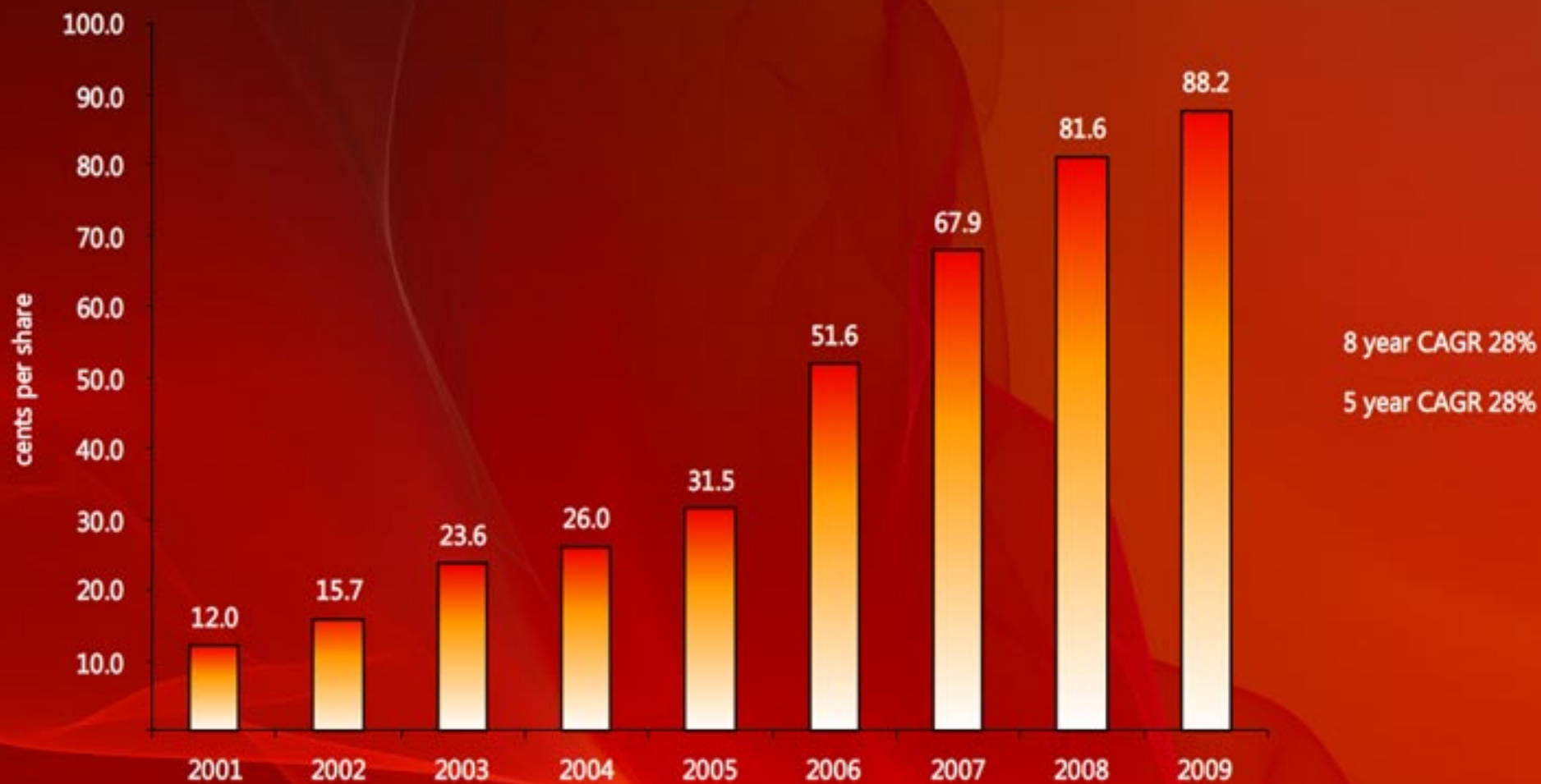
**Interim Results  
September 2008**

	2008	2007	Growth
Retail sales - R'm	3,879	3,271	19%
Comparable sales			9%
Weighted average trading space (net)			20%
RSP inflation			4%
Profit from operating activities - R'm	300	261	15%
Operating margin (%)	7.7	8.0	
Headline earnings per share (cents)	88.2	81.6	8%
Diluted headline earnings per share (cents)	86.0	77.5	11%
Dividend per share (cents)	40.2	36.5	10%

## 2008 Highlights

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Interim Results  
September 2008





**Headline earnings per share**

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	2008 R'm	2007 R'm	Growth
Net inventory	933	832	12%
% sales growth			19%
Stock turn (times)	5.4	5.2	
Benefits of Redgold			
Trade and other payables	1,057	1,001	6%
Capital expenditure	115	115	1%
Cash balances	365	503	-27%
R150 million shares purchased			

## Group Balance Sheet Performance

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# Cash sales maintained at 84%

	2008	2007	Growth
<b>Trade receivables - R'm (gross)</b>	610	519	18%
Total number of active accounts (000)	760	671	13%
Net bad debts as % credit sales *	3.6%	4.6%	
Net bad debts as % debtors *	7.1%	7.8%	
<b>Impairment provision (% of debtors)</b>	8.4%	8.9%	
per Markov	5.4%		
additional risk factors	3.0%		

\* Excludes collection costs, movement in provision

Acceptance rate currently 40%

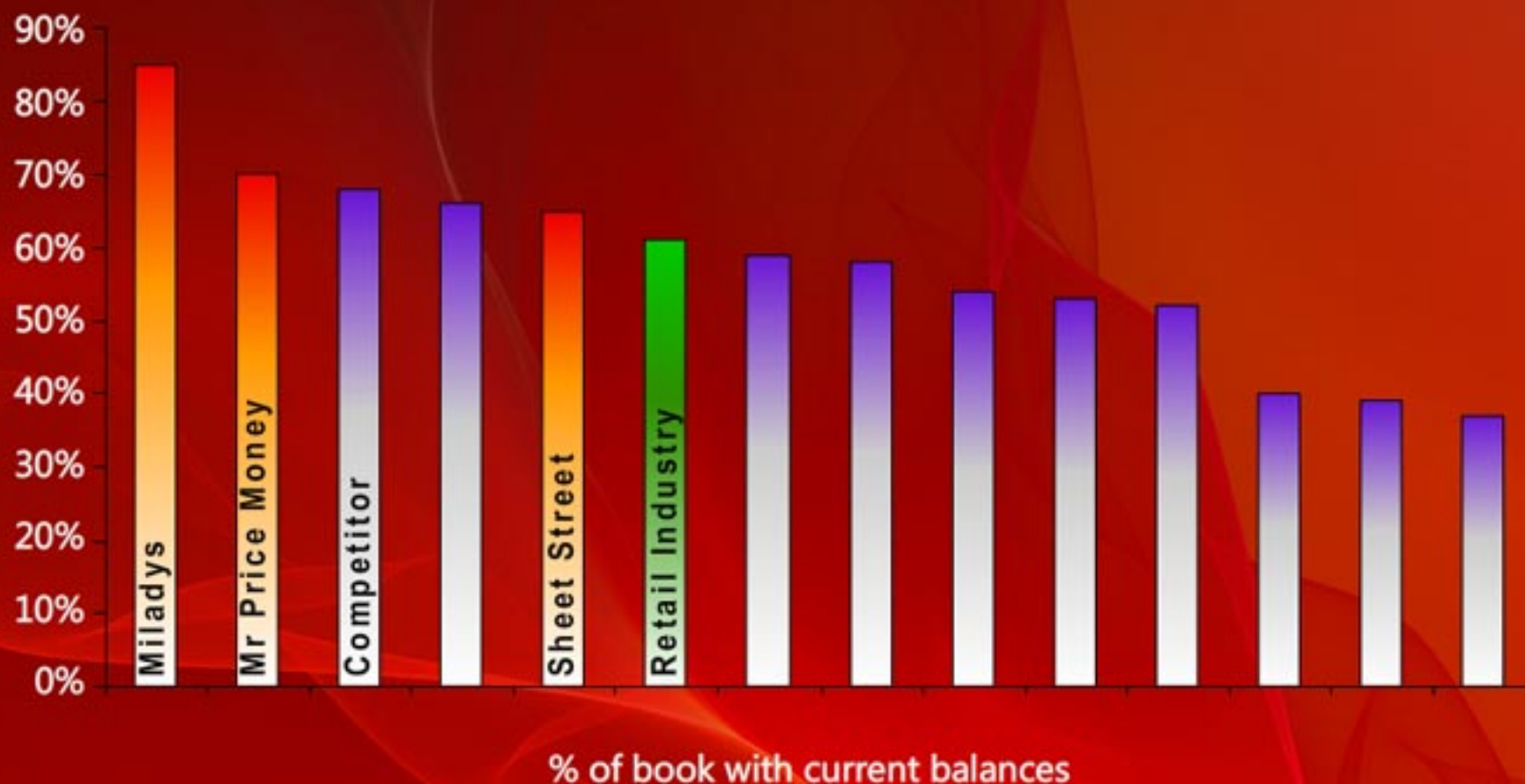
## Trade Receivables

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# Conservative lending criteria and changes to collection strategy have improved bad debt performance





# Apparel constitutes 69% of group sales

Apparel chains	2008	2007	Growth
Retail sales (R'm)	2,655	2,195	21%
Comparable sales			14%
RSP inflation	4%	11%	
Net weighted average space growth	16%	14%	
Operating margin	12.2%	12.3%	

## Segmental Performance

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# Excellent fashion interpretations & value appeal led to strong market share gains

	2008	2007	Growth
Revenue - R'm	2,025	1,689	20%
Comparable sales			15%
Unit sales			12%
Weighted average space growth	6%	7%	
RSP inflation	5%	12%	
Retail sales per m <sup>2</sup> (moving annual)	22,415	20,074	
Number of stores	320	309	

**Mr Price**

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## 'express' stores

- Lower densities and overheads but similar branch contributions
- Four stores opened in current period, total now 12
- Generating higher branch contribution and ROCE than planned
- Similar average basket size (Rand and units)
- Potential to expand to 100 stores

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## Growth departments performing well

	Actual growth 2008
Ladies Footwear	42%
Ladies RT Formal	38%
Oakridge Smart	38%
Ladies Accessories	35%
Ladies Sleepwear	34%

**Mr Price**

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### RLC statistics

- Share of RLC grown from 9.5% in September 2007 to 10.3% in August 2008

### AMPS

- Number of shoppers increased by 11%, ahead of AMPS universe which was flat
- Gains mostly noted in 16 - 24 age bracket and black and coloured customers

### Bateleur research

- For second consecutive year, Mr Price was rated the most loved clothing retailer
- Retained its position as the most frequented clothing chain

# Mr Price

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	2008	2007	Growth
Revenue - R'm	166	83	101%
RSP Inflation	-7%	-5%	
Closing net trading area (m <sup>2</sup> )	38,361	17,312	122%
Retail sales per m <sup>2</sup>	9,513	12,703	
Number of stores	29	12	

**Mr Price Sport**

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## Market research findings

- Per Bateleur research, brand affinity score of 6.6 is exceptional for a new business
- Shoppers are very staunch advocates of the brand

## Looking ahead

- Assortments have been tailored and enhanced, with higher volumes per style being purchased
- Trending and resourcing of apparel product has been aligned with Mr Price leading to better cost and selling prices
- Expect to record further gains in market share as consumers continue to respond to the authentic value-driven offer



	2008	2007	Growth
Revenue - R'm	534	473	13%
Comparable sales			7%
Unit sales			11%
Weighted average space growth	9%	9%	
RSP Inflation	2%	4%	
Retail sales per m <sup>2</sup>	15,639	15,552	
Number of stores	203	191	

**Miladys**

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# RENÉ TAYLOR

Currently four stand-alone René Taylor stores

- Kolonade, Somerset Mall and Walmer Park
- Pavilion opened in October

These stores have exceeded sales, profit and ROCE plans

- Five more stores planned to open in second half
- Potential to expand to 70 stores



**Miladys**

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### Orange Awards

- Winner of the Orange index – Top Clothing Retailer 2008
- Orange index an annual, independent benchmark of South Africa's largest companies
- Has consistently provided valuable rankings on service benchmarks and best-in-class companies since 2001
- Competitor companies include Mr Price, Pep, Foschini, Ackermans, Woolworths, Truworths and Edgars

**Miladys**

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# Both chains continue to gain market share in challenging trading conditions



Home chains	2008	2007	Growth
Retail sales (R'm)	1,224	1,072	14%
Comparable sales			0%
RSP inflation	4%	15%	
Weighted average space growth	26%	29%	
Operating margin	1.9%	3.3%	

## Segmental Performance

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	2008	2007	Growth
Revenue - R'm	866	755	15%
Comparable sales			-2%
Unit sales			4%
Weighted average space growth	30%	30%	
RSP inflation	3%	16%	
Retail sales per m <sup>2</sup>	13,219	15,193	
Number of stores	141	134	

**Mr Price Home**

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# Sales Contribution

Store type	No. of stores	Total m <sup>2</sup>
Regular	79	40,578
Mega	30	30,639
Ultra	22	53,398
Super	7	42,451

Super and Ultra stores deliver 47% of sales and 44% of branch contributions

Closed four affected stores during the period, with another eight to close over the next 18 months

## Mr Price Home



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# Most loved homewares retailer

## Market statistics

- Continued growth in market share per RLC
- Per AMPS number of shoppers grown by 31% ahead of AMPS universe which was flat
- Per AMPS number of black customers increased by 50% and now constitute 40%
- Winner - Retail Awards 2008 – Home and Lifestyle Stores Category

**Mr Price Home**

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## Looking ahead

- Larger format stores are the way forward
- Increase densities in larger format stores through
  - Kids growth strategy
  - Furniture growth strategy as detailed at year end
  - New original Home categories
- Complete rollout of Redgold
- Strongly communicate our exceptional value offering

# Mr Price Home



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	<b>2008</b>	<b>2007</b>	<b>Growth</b>
Revenue - R'm	374	330	14%
Comparable sales			3%
Unit sales			6%
Weighted average space growth	14%	27%	
RSP Inflation	7%	14%	
Retail sales per m <sup>2</sup>	16,995	18,636	
Number of stores	232	213	

**Sheet Street**

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# Continued growth in market share per RLC



## New look stores

25 stores have now been rolled out with the new store look, with an additional 12 planned to year end

Sales growths in these stores exceed company average and deliver good ROCE

Phased rollout underway

**Sheet Street**

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## 8 new stores opened

### Mr Price

- Tanzania
- Kenya
- Mauritius (October)

### Mr Price Home

- Tanzania
- Saudi Arabia (3)
- Mauritius (October)

## Total stores now 16

- |                 |   |
|-----------------|---|
| • Mr Price      | 7 |
| • Mr Price Home | 7 |
| • Sheet Street  | 2 |

- This low risk model is trading profitably
- Extensive market research in progress for future territories
- Focus on supply chain and logistics processes to support rollout

# Mr Price Franchising

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Division	September 2008		Stores to open in second half
	No. of stores	m <sup>2</sup>	
Mr Price			
• Mr Price	308	178,347	6
• Express	12	5,955	2
Mr Price Sport	29	38,361	2
Miladys			
• Miladys	200	66,175	6
• René Taylor	3	684	6
Mr Price Home	141	146,021	4
Sheet Street	232	48,079	8
Total	<u>925</u>	<u>483,622</u>	<u>34</u>

## Trading Space Analysis

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- Tight economic environment will continue
- Consumers shop for value during these times - our brands are well positioned to continue capturing market share
- Continue rollout of Redgold to drive densities and margins
- Optimistic about achieving earnings growth for the year provided no further deterioration in consumer spending

## Looking forward



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Thank you