Mr Price Group

INTERIM RESULTS PRESENTATION 13/14 NOVEMBER 2013

SOLID PERFORMANCE IN CHALLENGING CONDITIONS



Mr Price Group Limited

Interim Results - September 2013

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AWARDS AND ACCOLADES



Finalist in Emerging Market Retailer of the Year Category (2nd year)

Sunday Times

6th in Sunday Times Top 100 Companies 2013 (5 year CAGR in share price and dividends)



3rd in Financial Mail Top Companies 2013 (5 year IRR on share price) Top placed retailer



Investment Analysts Society Awards: MPC voted leader in corporate reporting in 'retail services' and 'overall' categories



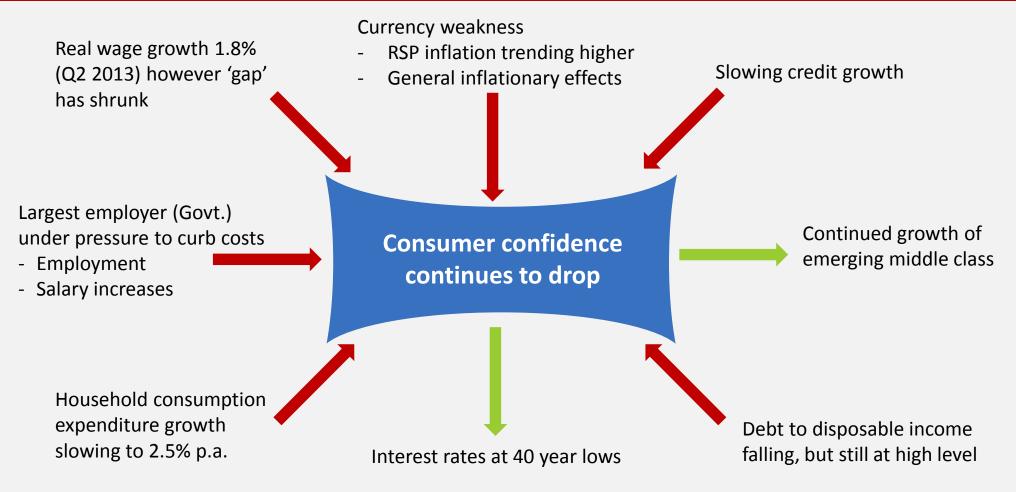
Mr Price Home named industry winner: customer service levels in Home and Décor category



Sheet Street named Homewares Retailer of the Year: Home Accessories and Décor category



RETAIL ENVIRONMENT REMAINS CONSTRAINED



Fiscal policy no longer supportive of strong consumer growth

MPC well placed in terms of market positioning and strategy



GROUP PERFORMANCE

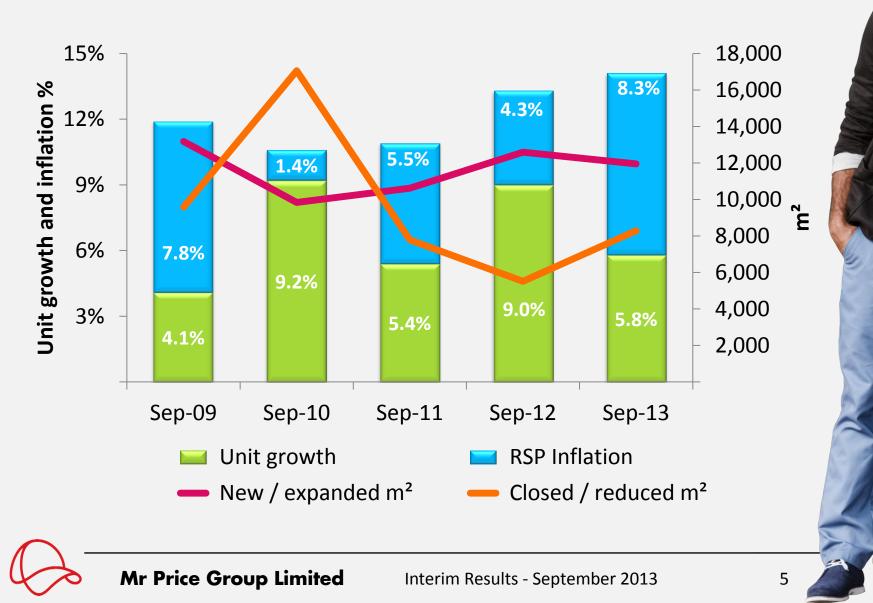
		2013	2012 %	5 change
Retail sales		R6 892 m	R6 015 m	14.6 %
Comparable sales	5	9.6 %	8.5 %	1.1 %
Unit sales		98 m	92 m	5.8 %
RSP inflation		8.3 %	4.3 %	4.0 %
Net space	 weighted average 	537 359 m²	522 066 m²	2.9 % 🤰
	- closing	539 366 m ²	522 913 m²	3.1 %
Space added ^{*1}	 weighted average 			4.0 %
	- closing			6.0 %
Trading density		R26 021 m ⁻²	R23 998 m ⁻²	8.4 %

	Stores	Space* ²
Beginning of period	1 029	535 702
Openings	24	9 791
Closures	(12)	(4 035)
Expansions		2 159
Reductions		(4 251)
End of period	1 041	539 366

*¹ New stores/expansions *² Information represents movement from 30 March 2013

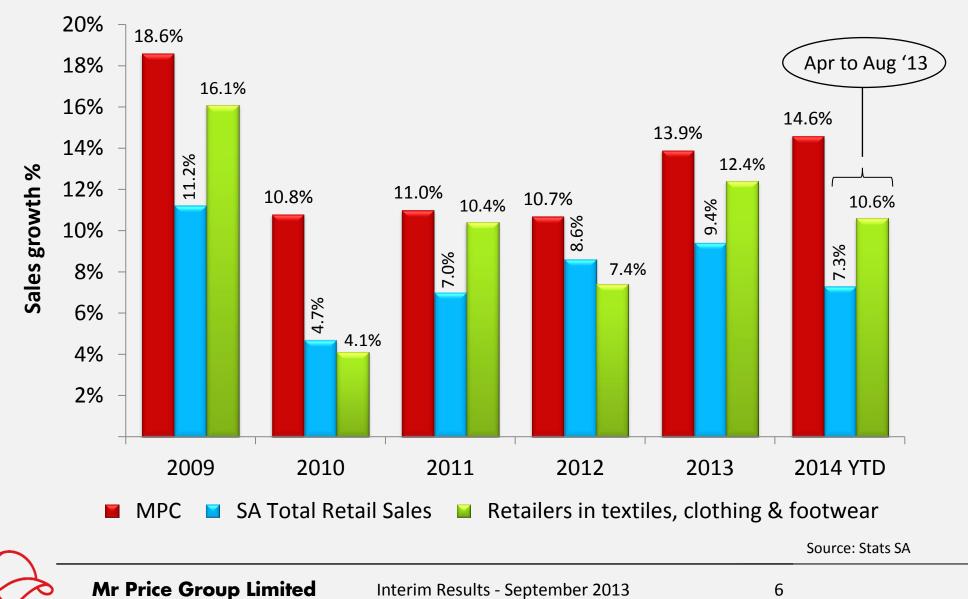
SPACE, INFLATION AND UNIT GROWTH

HIGHER RSP INFLATION RESULTED IN LOWER UNIT GROWTH THAN LAST YEAR...



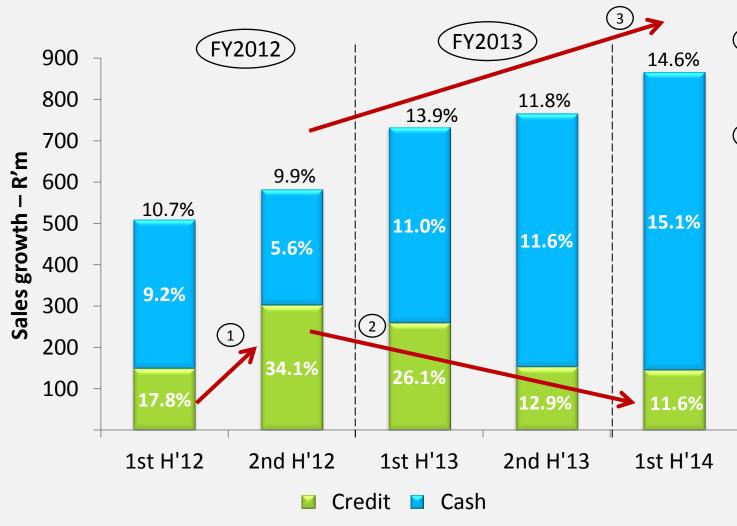
MPC vs. MARKET SALES PERFORMANCE

CONSISTENT OUTPERFORMANCE OF THE MARKET HAS RESULTED IN STRONG MARKET SHARE GAINS



CREDIT SALES vs. CASH SALES GROWTH

STRONG GROWTH IN CASH SALES...



- MPC increase in credit sales lower than market but higher than desired
- 2 Restricted credit growth:
 - Downside risks in RSA credit environment
 - Not rely on credit as a growth driver
 - Preserve cash model
 - Prepared to sacrifice some top-line growth in short term
- Cash contribution to total sales of 79.2%

2013 GROUP INCOME STATEMENT

R'm Retail sales Cost of sales	2013 6 892 4 015	% of sales	2012 6 015 3 532	% of sales	% change 14.6% 13.7%
Gross profit Other income Selling expenses Administrative expenses Pg 9	2 877 228 1 603 489	41.7% 23.3% 7.1%	2 483 186 1 404 440	41.3% 23.3% 7.3%	15.9% 22.7% 14.2% 11.2%
Profit from operating activities Net finance income	1 013 31	14.7%	825 22	13.7%	22.8% 40.4%
Profit before taxation Taxation	1 044 297		847 242		23.2% 22.5%
Profit attributable to shareholders	747		605		23.5%

PROFIT BEFORE TAX EXCEEDED R1bn AT THE HALF YEAR FOR THE 1ST TIME





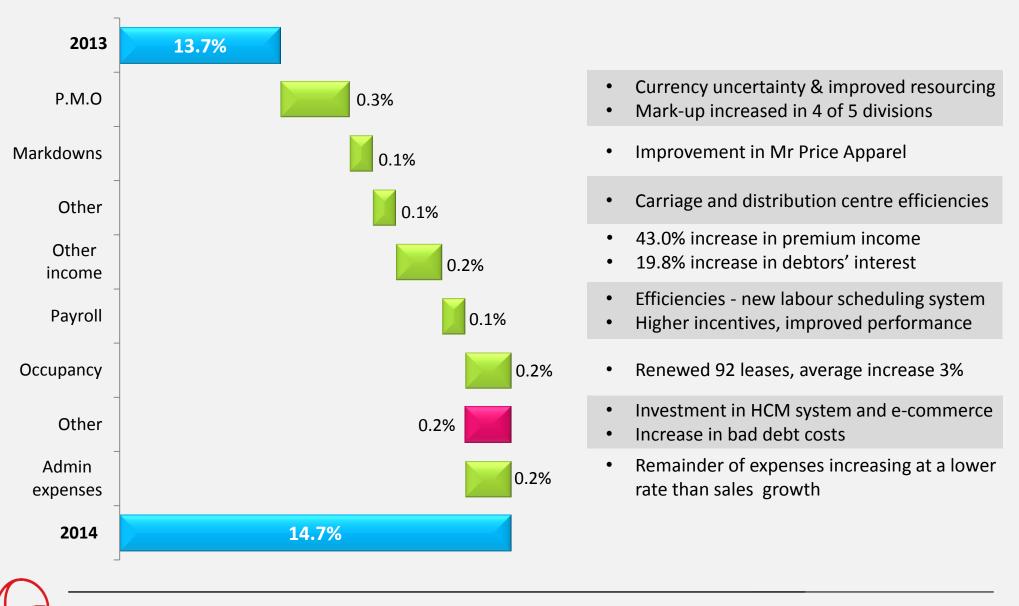
ANALYSIS OF EXPENSES

	2013 R'm	% Change	
Increase in retail sales		14.6%	
Total expenses	2 092	13.4%	-1.2%
Selling	1 603	14.2%	
Administrative	489	11.2%	
Adjustments for significant items:			
Reduce selling expenses for space growth	(41)		c.
Investment for future growth – Online, people	е,		
human capital management system	(17)		
Bad debt/ provision increase	(35)		
Financial Services ^{*1}	(4)		
Share based payments	(7)		
Credit card fees	(10)		
FEC movements	(2)		
Remaining costs	1 976	6.9%	

*1 Increase is relative to growth in other income, not retail sales

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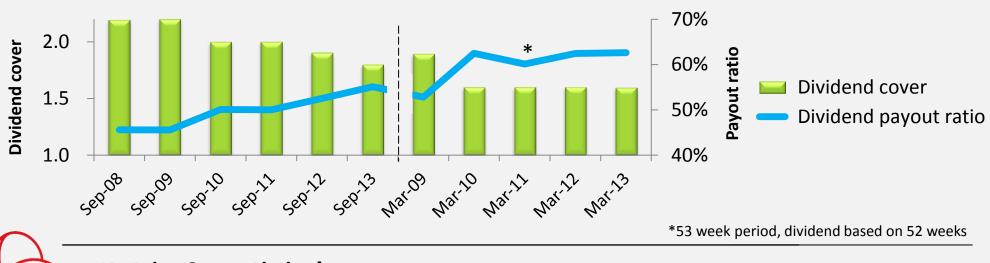
CONTINUED IMPROVEMENT IN OPERATING MARGIN



EARNINGS AND DIVIDENDS PER SHARE

	2013	2012	% change	Guidance provided
Earnings per share				
Basic	303.8 c	247.8 c	22.6%	20 – 24 %
Headline	305.0 с	253.2 c	20.4%	18 — 22 %
Diluted headline	283.6 c	232.5 c	22.0%	20 – 24 %
Dividend per share				
Interim	168.0 c	133.0 c	26.3%	
Dividend payout ratio (%)	55.1%	52.5%		

• Increase in payout ratio at interim stage in order to more closely align with annual ratio of 62.6%



No STC credits utilised

CONSISTENT PERFORMANCE

Operating profit (R'm)



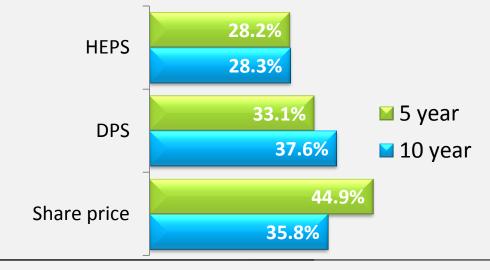
Headline earnings per share (cents) - HEPS



Dividend per share (cents) - DPS



Compound annual growth rate



Mr Price Group Limited

Interim Results - September 2013

FINANCIAL POSITION

R'm	Sep 2013	Mar 2013	
	2013	2013	
Non-current assets			
Property, plant and equipment	681	660	
Intangible and other assets	344	267	
Current essets			
Current assets			
Inventories	1 324	1 236	
Trade and other receivables	1 631	1 513	
Cash and cash equivalents	1 585	1 221	
	5 565	4 897	
Equity attributable to shareholders	3 342	3 316	
Non-current liabilities	205	206	
Current liabilities	2 018	1 375	
	5 565	4 897	



FINANCIAL POSITION

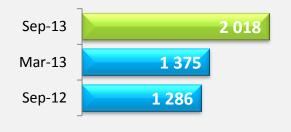
Intangible assets (R'm)



Inventories

Sep-13	1 324
Mar-13	1 236
Sep-12	1 117

Current liabilities



1 86.0%

- ERP project R73.7 million
- E-commerce R10 million international launch and roll-out other divisions
- Additional IT software R18.5 million, offset by current period amortisation charge R15 million

0 7.1%

- Increase of net 12 stores
- Affected by higher input inflation
- Under-stocked in Sept'12
- Overall, stock is in good shape

1 46.7%

- Increase largely attributable to timing of payment date, which fell after half year close
- Favourable impact in cash balances

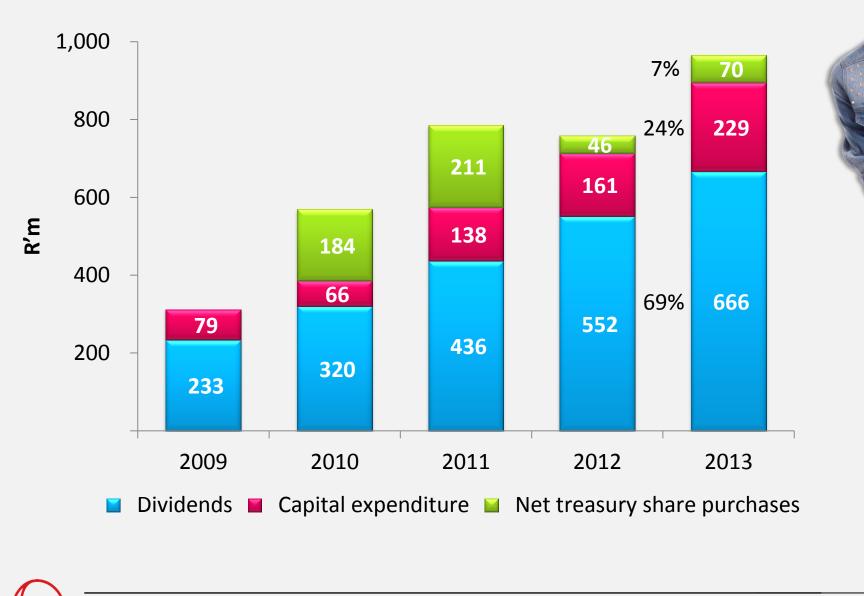
Information represents movement from 30 March 2013

Mr Price Group Limited

Interim Results - September 2013

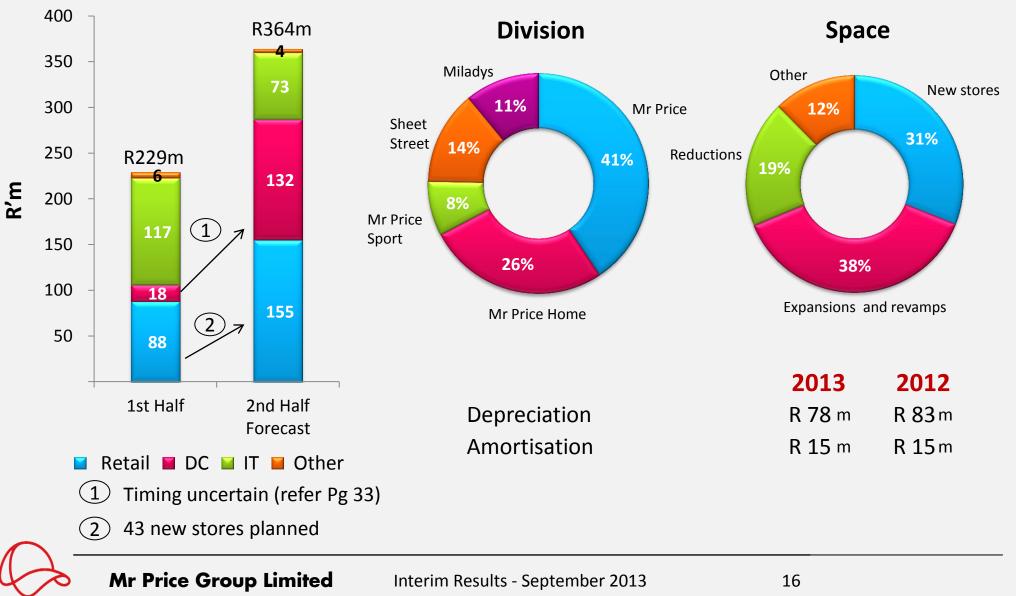
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CAPITAL ALLOCATION

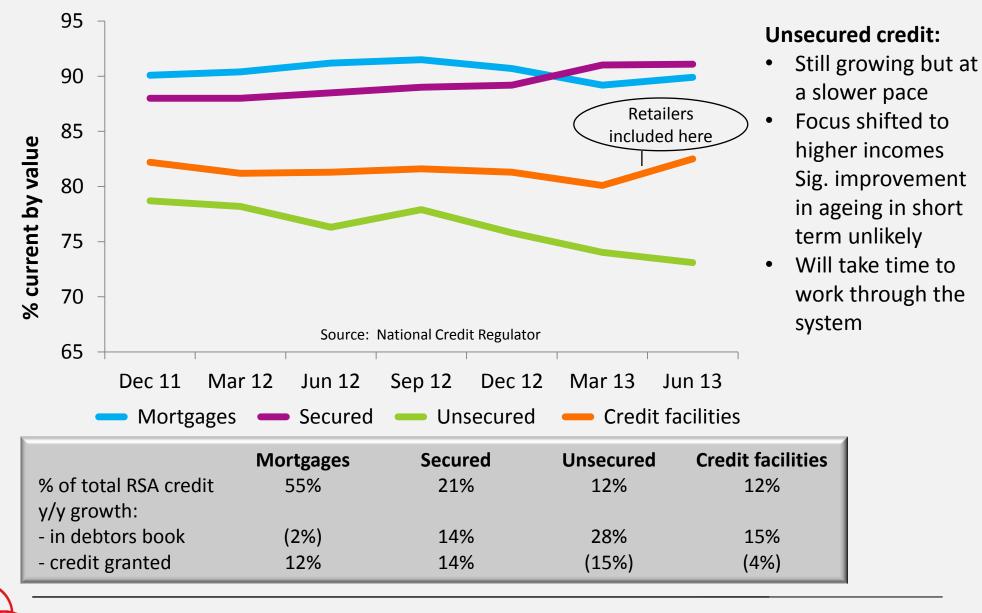


PPE AND INTANGIBLES

Total additions



TRADE RECEIVABLES – AGEING PROFILE OF TOTAL CREDIT IN RSA



Mr Price Group Limited

Interim Results - September 2013

ACCOUNTS RECEIVABLE

Gross trade receivables Number of active accounts Credit sales contribution Interest bearing book Able to purchase Net bad debt % of debtors Impairment provision

Sep	Mar	Sep	
2013	2013	2012	
R1 676 m	R 1 550 m	R1 351 m	
1361 k	1 308 k	1 240 k	
20.8 %	19.6 %	20.9 %	
95.1 %	95.0 %	94.1 %	
88.8 %	86.5 %	89.9 %	
6.8 %	6.5 %	6.1 %	
9.4 %	9.0 %	8.1 %	

% change 8.1 % 4.1 %

Mr PriceMoney

- Marketing accounts opened decreased by 21% from last year
- Split is now 2/3 through the door (TTD), 1/3 marketing likely to reduce further
- Average limit reduced by 19% to R3 225 but marketing down by 43% to R2 200 compared to Dec 2011
- All marketing accounts now compulsory 6 month terms
- Currently reviewing payment terms to be offered to new TTD accounts

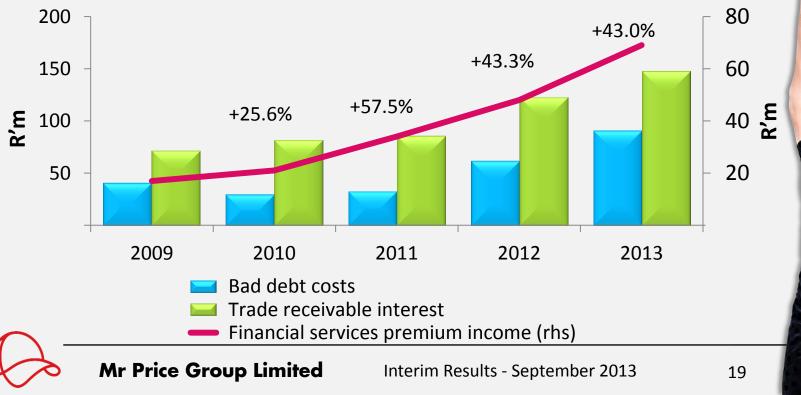
% change is on March 2013



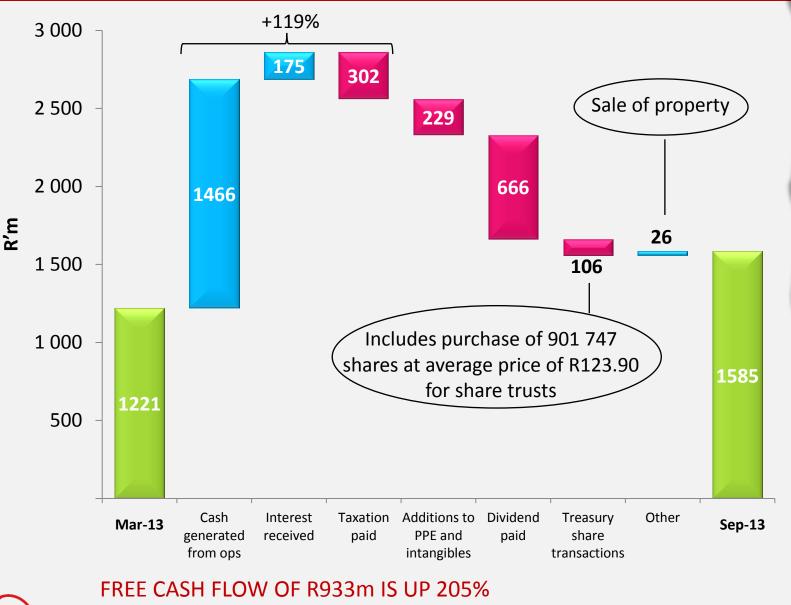
TRADE RECEIVABLES

Focus going forward

- So far successfully managed our way through a difficult credit environment. Now clear of high credit sales growth in base – credit sales growth YTD 11.6%
- Comfortable at current cash/credit sales split of 80/20
- Financial Services still a profit centre, but focus to be on:
 - Limiting book growth and lowering bad debts
 - Further improving cash flow by focusing on 6 month accounts
 - Insurance product growth
 - Finalising potential joint venture



HIGHLY CASH GENERATIVE BUSINESS MODEL



Mr Price Group Limited

Interim Results - September 2013

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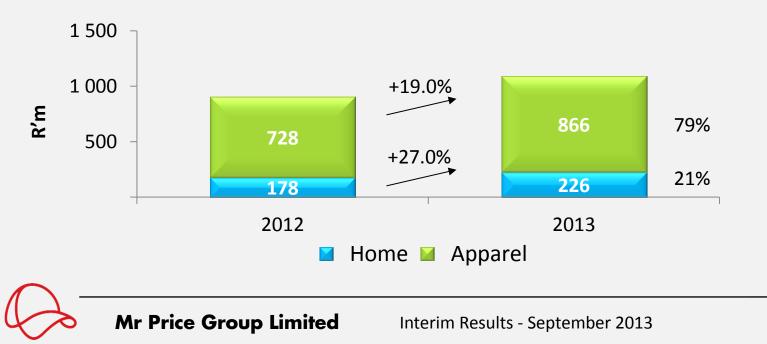
DIVISIONAL PERFORMANCE

SEGMENTAL PERFORMANCE

Retail sales and other income



Operating profit



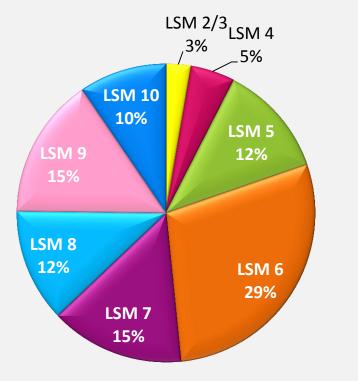
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MR PRICE APPAREL

	2013	2012	% change
Retail sales	R3 828 m	R3 271 m	17.0 %
Comparable sales	10.3 %	4.7 %	5.6 %
Unit sales	60.7 m	56.2 m	8.0 %
RSP inflation	8.5 %	3.6 %	4.9 %
Weighted average space	243 930 m ²	224 578 m²	8.6 %
Trading density	$R32 518 \text{ m}^{-2}$	R31 052 m ⁻²	4.7 %

- Sales growth aided by increased depth and reduced width of assortments
- 9 stores opened and 9 expanded. Results meeting expectations
- Increase in annualised trading density impacted by poor Q3 LY
- Nigeria:
 - Opened further 2 stores in Abuja and Ibadan, performing well
 - Limited footwear offer to be introduced by financial year end
- Launched e-commerce to international markets in July 2013
- Investing in key areas:
 - Resourcing refer supply chain Pg 33
 - Product Development to enhance fashion leadership
- 'Queue Buster' mobile POS device to alleviate congestion at peak times being rolled out to 70 selected stores

MR PRICE APPAREL - OUR CUSTOMERS





- Strong representation of customers in target market LSM 6-10
- 2nd highest number of customers in clothing/ shoes category
- For 1st time, highest number of customers in target market (15-24 year olds)

- Continue to attract higher LSM customers
- Misconception that the Company's customers are at the lower LSM levels
- AMPS based on June and updated 2011 census data
- Since 2001 census, population has increased by 6.9m people (15.5%)



MR PRICE SPORT

	2013	2012	% change
Retail sales	R431 m	R373 m	15.7 %
Comparable sales	8.2 %	15.5 %	-7.3 %
Unit sales	4.8 m	4.5 m	7.5 %
RSP inflation	7.7 %	7.9 %	-0.2 %
Weighted average space	46 625 m ²	47 444 m²	-1.7 %
Trading density	R19 070 m ⁻²	R16 277 m ⁻²	17.2 %

- Strong performance by higher technical specification ranges:
 - Maxed Elite: contribution to Fitness Apparel increased from 1.7% to 7.4%
 - Trail Tech: contribution to Outdoor Apparel increased from 1.4% to 19.7%
- Space reductions:
 - 2 stores branch contributions ahead of feasibility
 - 4 100m² still remaining, representing 8.6% of trading space.
 Reduction exercise now largely complete
- Now at 56 stores potential to double in next 5 years

MILADYS

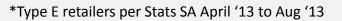
	2013	2012	% change
Retail sales	R665 m	R605 m	9.9 %
Comparable sales	9.5 %	18.5 %	-9.0 %
Unit sales	4.4 m	4.2 m	3.9 %
RSP inflation	5.7 %	-2.3 %	8.0 %
Weighted average space	61 000 m²	62 508 m²	-2.4 %
Trading density	R22 027 m ⁻²	R19 740 m ⁻²	11.6 %

- All non-performing stores now closed. 30 still to be right sized (reduced)
- Strong performance in outerwear market share gains in largest department representing 50% of sales
- Intimatewear, footwear, accessories and outsizes under-potentialised
- Expenses increase lower than inflation, resulting in strong profit growth
- Cosmetics to be discontinued by March 2014
- Introducing body and bath range early in 2nd half

MR PRICE HOME

	2013	2012	% change
Retail sales	R1.3 bn	R1.2 bn	11.9 %
Comparable sales	10.5 %	11.5 %	-1.0 %
Unit sales	19.1 m	18.8 m	1.6 %
RSP inflation	9.9 %	3.9 %	6.0 %
Weighted average space	136 900 m²	138 996 m²	-1.5 %
Trading density	R19 986 m ⁻²	R17 511 m ⁻²	14.1 %

- Trading density improvement influenced by space reduction of 2 117m²
- Furniture growth of 7.3% higher than the market decline of 0.2%* function of current economic conditions
- Remains South Africa's most loved homeware retailer
- Opening a store in Ghana in November 2013
- Launching online in November 2013
- Opportunity to reduce size of 25 stores



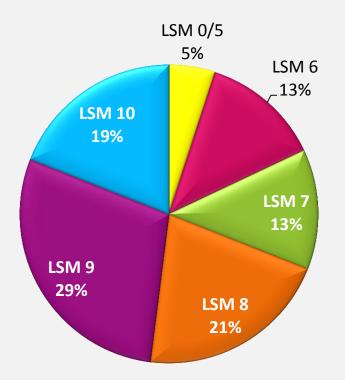


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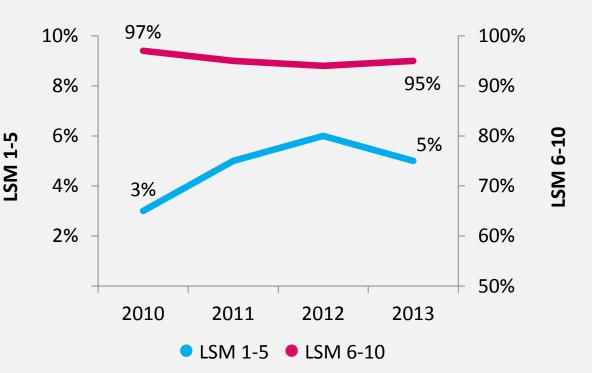
Interim Results - September 2013

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MR PRICE HOME- OUR CUSTOMERS



- 95% of customers in target market LSM 6-10
- 69% of customers in LSM 8-10 group, less affected by consumer headwinds than lower LSM groups
- However, home merchandise is a more discretionary purchase in tight
 economic times



- Attracts higher LSM customers
- AMPS based on June and updated 2011 census data
- Since 2001 census, population has increased by 6.9m people or 15.5%

*Information per AMPS October 2013

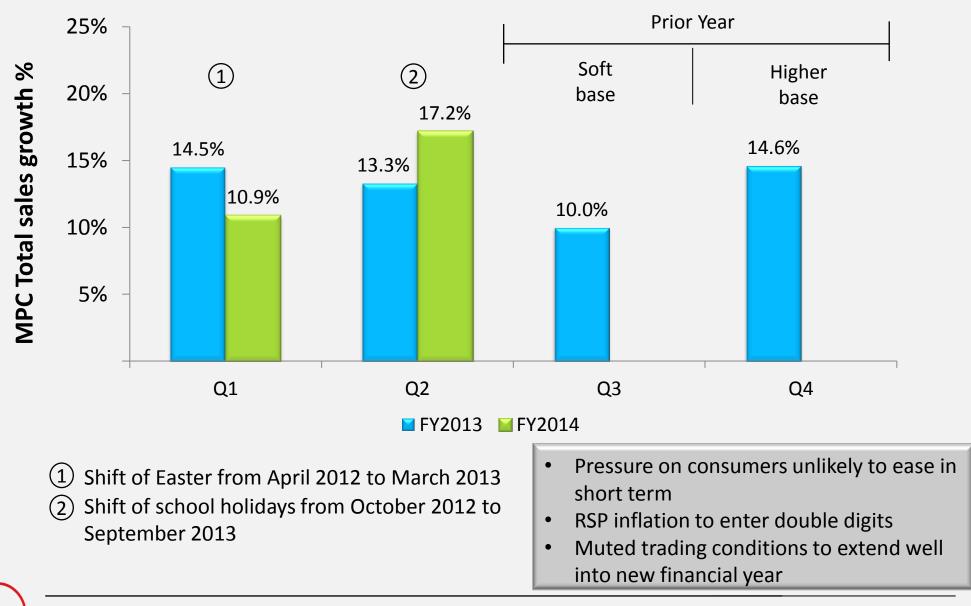
SHEET STREET

	2013	2012	% change
Retail sales	R588 m	R541 m	8.6 %
Comparable sales	4.8 %	9.7 %	-4.9 %
Unit sales	8.4 m	8.4 m	-0.1 %
RSP inflation	8.6 %	6.2 %	2.4 %
Weighted average space	48 904 m²	48 541 m ²	0.7 %
Trading density	R25 332 m ⁻²	R23 368 m ⁻²	8.4 %

- Lower LSM customers (5-8) more sensitive to pressures of current economic environment – credit sales grew by 15%
- Opened 5 stores in 1st half. Majority of new store activity confirmed for 2nd half (14 stores)
- Placed 2nd to Mr Price Home for customer services levels in the Home and Décor category of the Ask Afrika Orange Index Awards
- Online offer to launch in November 2013



OUTLOOK FOR 2ND HALF



STRATEGY

STRATEGY

	Objective	Focus Area
FIX	Address areas of weakness in underperforming divisions	 Market share Trading density Operating margin Well on track, further gains expected
INVEST	Enhanced processes, systems and infrastructure to support the next phase of growth	Supply chainSystemsDC
GROW	To be an internationally competitive multi channel retailer, with robust topline growth and foreign revenue increasing at a higher rate than locally	 Local growth International - territories formats (Refer Pg 35 - 43)

INVEST - SUPPLY CHAIN

Objectives

- Greater transparency of production pipeline. Enable increased flexibility
- Improve on-time and in-full deliveries from 80% 95%
- Consolidate inventory at source, deliver direct to end market, avoiding unnecessary handling and double duty
- Improve efficiency by eliminating duplicated costs in supply chain
- Distribution centre (DC) to cope with future demand and improve efficiency

Progress

- Units being processed via consolidation centres in the East up by 29%
- 20%* of FY2014 imported inputs will be sourced direct from factory. Goal is 85% by FY2017
- Goal to eliminate double duties by FY2017 Imported merchandise destined for foreign stores will be:
 - Supplied direct to respective markets by the manufacturer, or
 - Routed through a consolidation centre
- New DC originally planned for July 2015. EIA approval obtained however meeting resistance for site rezoning to 'logistics'. Contingency plans well developed in the event of project delays

*Mr Price Apparel

INVEST - SYSTEMS

Objectives

- To support business strategy of Group going global and online:
 - Multi currency
 - Multi channel
 - Multi place of delivery for merchandise
 - More accurate integrated planning and response times
 - Improved business intelligence

Progress

- On track for implementation in Mr Price Sport mid-2014
- Follow-up division will depend on success of Sport and timing before festive season 2014
- Scope extended to include a product lifecycle management system
- Expect full implementation to be complete by late 2015/early 2016





Implementation/BI





GROW

Vision

To be a top performing international retailer

Objectives

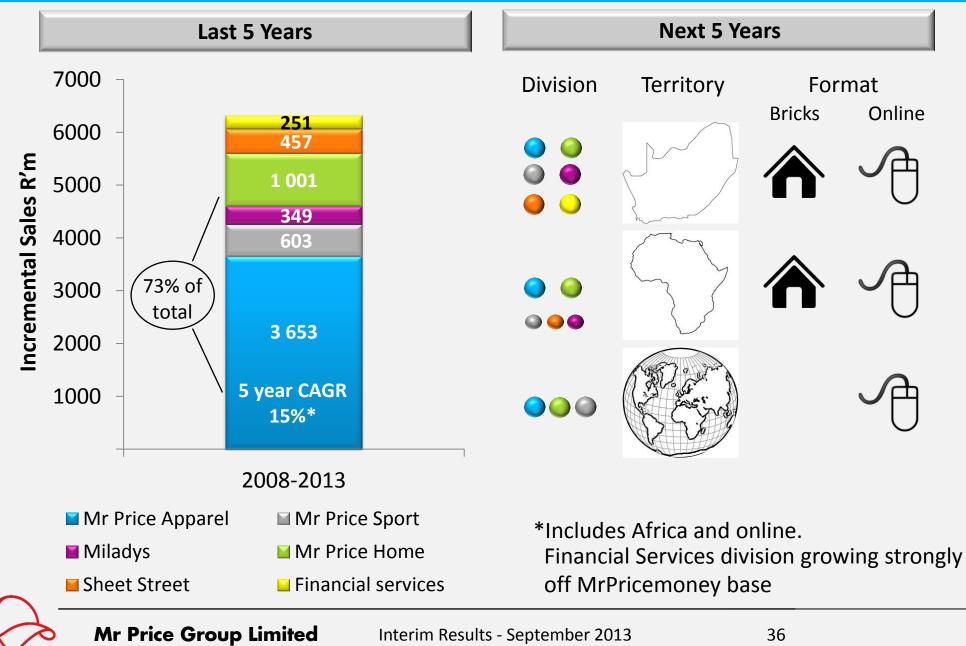
- Invest in and continue to grow home base a solid foundation to finance the 'invest' and 'grow' phases of our strategic plan
- Expand internationally through multi channel approach:
 - reduce dependence on one market
 - extend track record earnings and dividend growth

	27 Year CAGR
Headline earnings per share	23.5%
Dividends per share	25.3%
Share price	26.9%





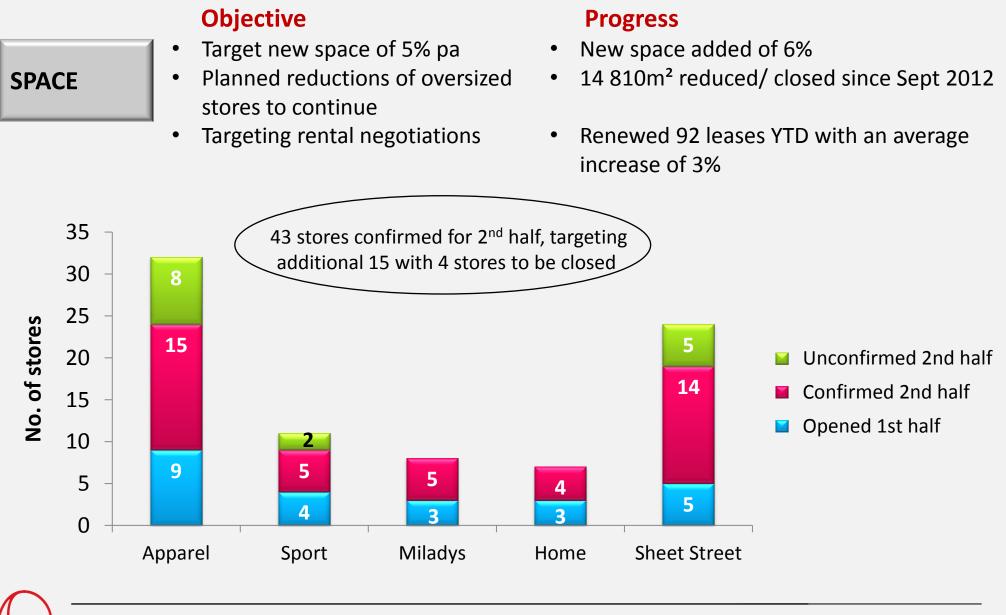
GROWTH DRIVERS



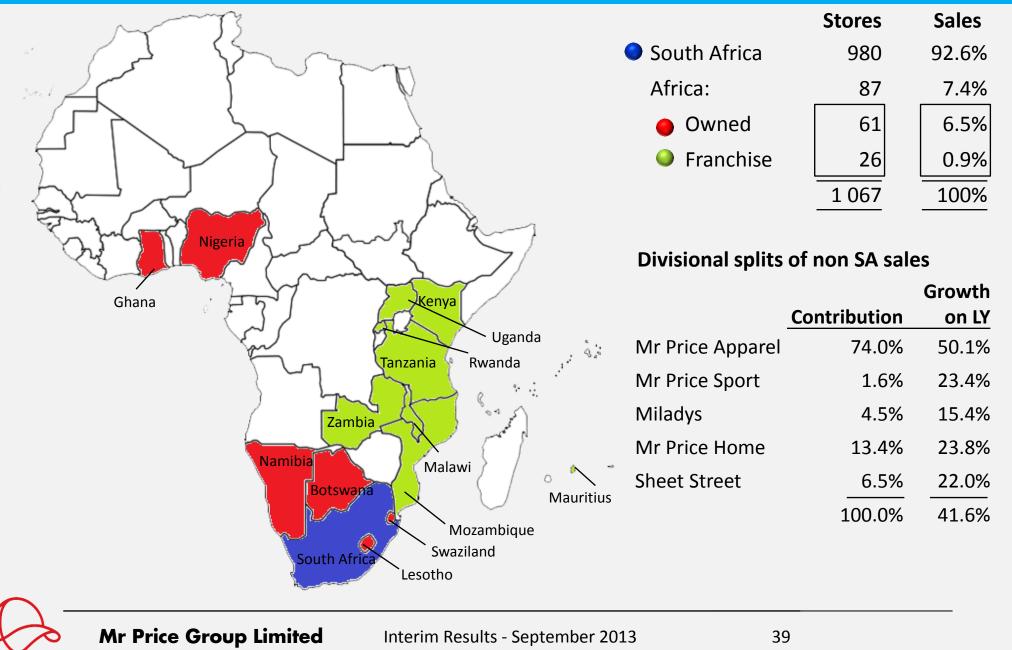
GROW - RSA

	Objective	Progress
PRICE MIX	 Opportunity for increased proportion of merchandise at existing higher price points 	 Slowed intended implementation due to current economic environment. Remains a future opportunity
EFFICIENCIES	 Review of sport sponsorships Ongoing tender process for major costs Labour scheduling 	 Sharks contract not renewed Changed CIT provider – reduced costs by 33% (annualised) Apparel/Home rollout by Dec '13 Where operational for 2 months, growth in employment costs 4.6%
MARGINS	 Medium term targets: Sheet Street, Home, Sport >15% Miladys >20% gain in Apparel less pronounced 	 All divisions improved operating margins in current period
NEW OPPORTUNITIES	 Grow online sales Possible Financial Services joint venture 	 Refer Pg 42 Well advanced, expect to launch in new year

GROW - RSA



GROW – AFRICA

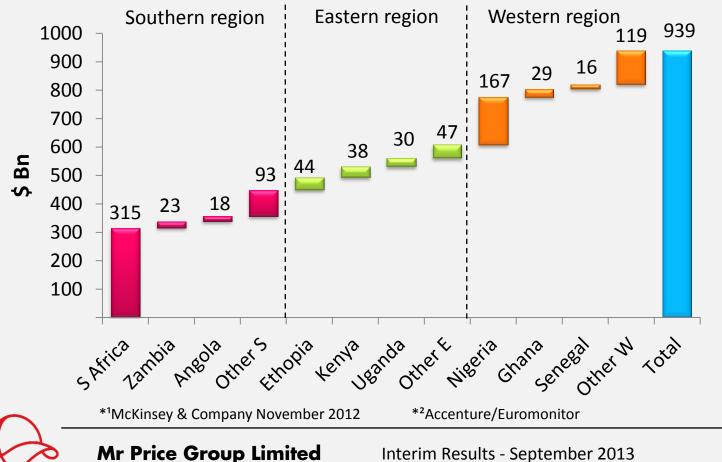


GROW – AFRICA

The Rise of the African Consumer*1

- Single largest opportunity in Africa will be its rising consumer market
- Africans exceptionally optimistic about the economic future
- Internet usage is far greater than anticipated, mobile devices key
- Consumers are highly value conscious, want latest fashion and a modern shopping experience

Estimated Consumer Spending 2020*2



- World's fastest growing and most youthful population (>50% under 20 years old)
- Ages 16-24 account for 53% of income
- MPCs African growth strategy aligned with countries with highest consumer spend

GROW - AFRICA

Focus on key markets:

- RSA will continue to benefit from consumers moving into higher LSM brackets
- Expected to play out in the rest of Africa



Nigerian LSM Profile*

- Opportunities appear obvious, however infrastructure and property present challenges
- Store rentals too high and shopping centres may not materialise unless developers reduce costs or required yields and attract retailers
- Encouraged by our progress in Nigeria and Ghana no longer considered 'test' markets

*Standard Bank October 2013

Population*

GROW – ONLINE SA

- Launched online in SA in July 2012 to establish our capability
- Performance to date:
 - Comparable sales growth:

	SA only	Total
August	106.5%	144.5%
September	67.7%	110.2%
October	85.0%	127.3%

- 30% of traffic via mobile devices
- Average 700k visitors and 5.5 million page views per month
- Delivery charges range from R15 (delivery to store in 5 7 working days) to R35 per order (delivery 1 3 days)
- Same day delivery in Central Gauteng
- 'Universal basket' able to purchase Home and Apparel, and checkout as 1 transaction from January 2014. To be extended to Mr Price Sport in due course
- Plan to launch an App on Android and IOS platforms (smartphone and tablet) in early 2014



GROW – ONLINE INTERNATIONAL

- Key enabler in foreign markets where:
 - Available space a constraint
 - High rental costs and landlord influence
- Avoids costly investment in tests in new markets
- mrp.com launched internationally in June 2013
- Currently represents 19% of total online sales
- Have shipped to 71 countries top destinations are Australia, New Zealand, UK and USA
- Basket size 60% higher than local
- 1st SA retailer to trade in multi currencies product pricing viewed in 1 of 6 major currencies depending on country of order
- Average delivery time 3 working days
- Plan to launch Nigerian 'store to door' by financial year end

Physical stores may follow in select markets if online tests prove successful.



THANK YOU





