



Mr Price Group Limited

Interim Results - September 2010



Sharks 30 – WP 10



Analyst questionnaire – August 2010

Results distributed to analysts in November

	Rating
Presentation by core team *	88%
Q&A after formal presentation *	84%
Results pack and presentation CD *	88%
Networking after the results *	72%
Level of disclosure - Results presentation *	88%
- Annual report *	96%
Time allocated sufficient? - Presentation (% Yes)	77%
- Q&A (% Yes)	88%
Similar format for next results presentation? (% Yes)	83%

* % Responses 'informative', 'very informative' and 'extremely informative'



Overview of retail environment

- Increase in retail sales in real terms for 8 consecutive months
- Extended school holidays as a result of the FIFA World Cup - impact on Mr Price Group not significant
- Household debt to disposable income remains at high levels
- Lowest interest rates in 30 years
- Wage increases > CPI – average wage settlements in 2nd quarter dropped from 8.4% to 8.2%
- Continued increase in unemployment rate
- Strong Rand and low inflation - CPI within targeted range for last 8 months
- Strong international investor interest in South African retail sector



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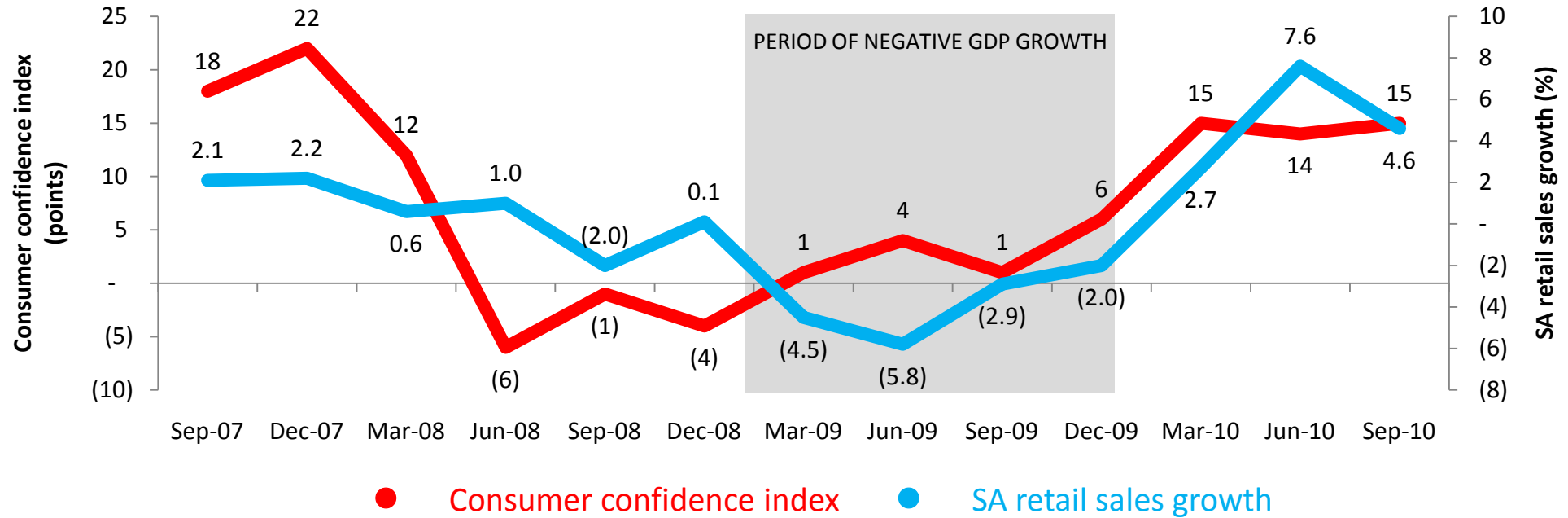
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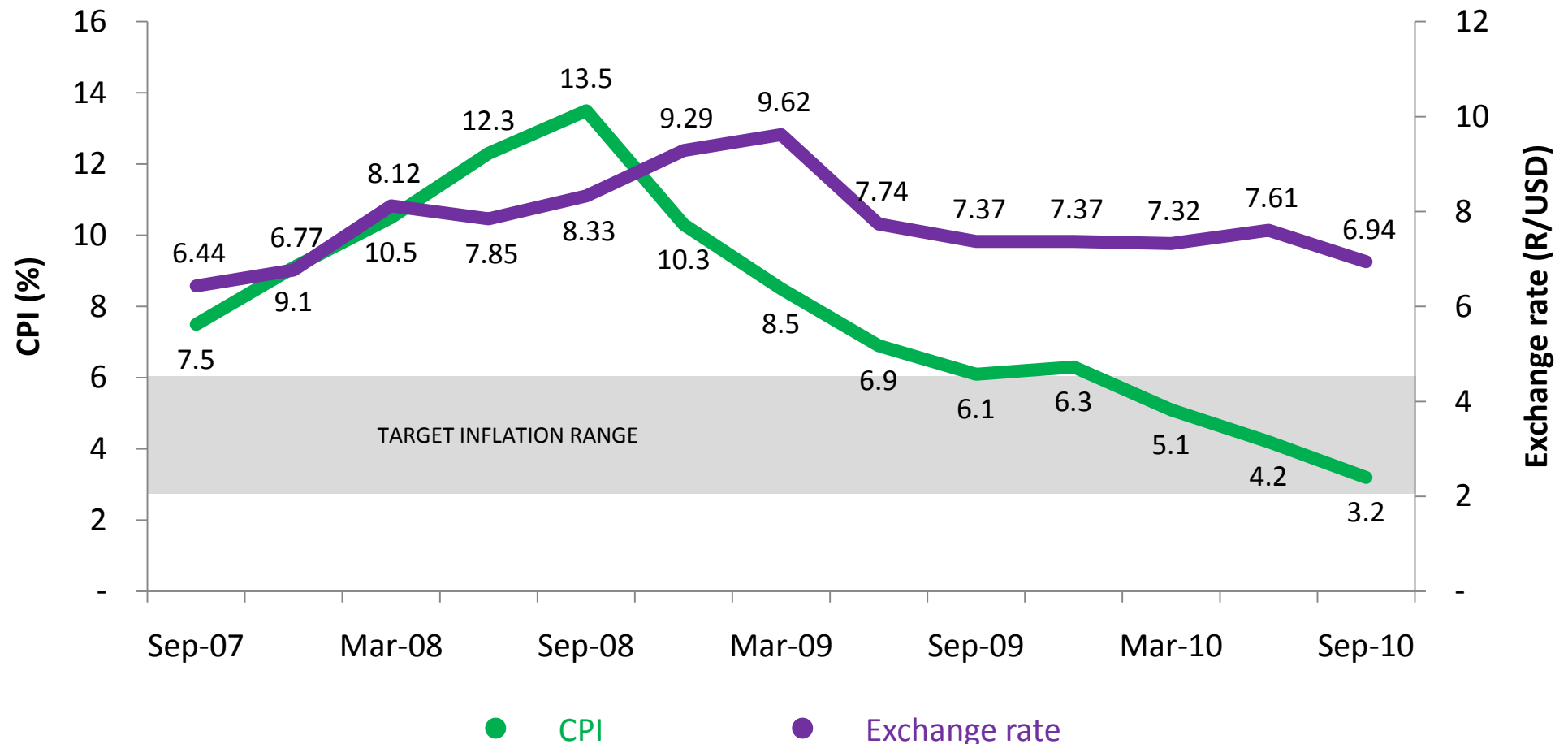
Consumer confidence and SA retail sales growth



- Sharp rise in confidence amongst
 - white consumers (+1 2Q 2010 to +10 3Q 2010)
 - high income consumers. More willing to buy durables (-9 2Q 2010 to +2 3Q 2010)
- Consumer confidence highest level in 3 years - peaked around World Cup however retail sales growth has dropped thereafter
- Business confidence increased 3Q 2010 – highest level in 2½ years



CPI and Rand/USD exchange rate



(statistics above are quarter-end positions)



2010 Group highlights

- Improved profitability by the chains which were underperforming
- Expenditure well controlled
- Improvement in operating margins across all divisions
- Strong performance of debtors book
- Continued improvement in stock turn, aided by Project Redgold
- Cash sales ratio maintained
- Strong cash flow generation results in healthy balance sheet



2010 Group highlights

	2010	2009	Growth
Retail sales	R 4.8bn	R 4.3bn	11.0%
Comparable sales			
– Including expanded and relocated stores in like-for-like locations			8.4%
– Excluding the above (basis disclosed in remainder of presentation)			7.5%
RSP inflation			1.4%
Units sold	80.3 m	73.2 m	9.7%
Weighted average space growth (net)			2.4%

Business Times Top 100 companies survey:

- Mr Price ranked 8th on JSE for share price performance over last 5 years
- Top placed clothing retailer



2010 Group income statement

R'm	2010	2009	Growth
Retail sales	4 772	4 300	11.0%
Cost of sales	2 806	2 619	7.2%
Gross profit - Rand	1 966	1 681	16.9%
- %	41.2%	39.1%	
Other income	115	102	12.6%
Selling expenses	1 164	1 105	5.4%
Administrative/other expenses	378	336	12.2%
Profit from operating activities	539	342	57.4%
Operating margin	11.3%	8.0%	
Net finance income	23	14	62.9%
Export partnerships	-	19	(100.0%)
Profit before taxation	562	375	49.8%
Taxation	192	128	49.8%
Profit attributable to shareholders	370	247	49.7%
EBITDA	633	431	46.7%



Operating margin increased from 8.0% to 11.3%



Sales and operating profit

	% Growth		
	1st half 2010	2nd half 2010	1st half 2011
Sales			
Apparel	15.4%	11.2%	11.4%
Home	0.9%	5.3%	10.0%
Total	10.8 %	9.4%	11.0%
Operating Profit			
Apparel	19.1%	17.8%	34.4%
Home	(80.8%)	60.3%	1785.7%
Total	14.0%	23.2%	57.4%

- Recovery of underperforming divisions commenced in 2nd half of 2010 financial year
- 2nd half 2011 up against higher base



Earnings and dividends per share

	2010	2009	Growth
Basic earnings per share ^{*1}	150.8c	100.5c	50%
Headline earnings per share	153.3c	101.5c	51%
Core headline earnings per share ^{*2}	153.3c	93.8c	63%
Dividend per share	76.7c	46.2c	66%
Dividend cover (times) ^{*3}	2.0	2.2	

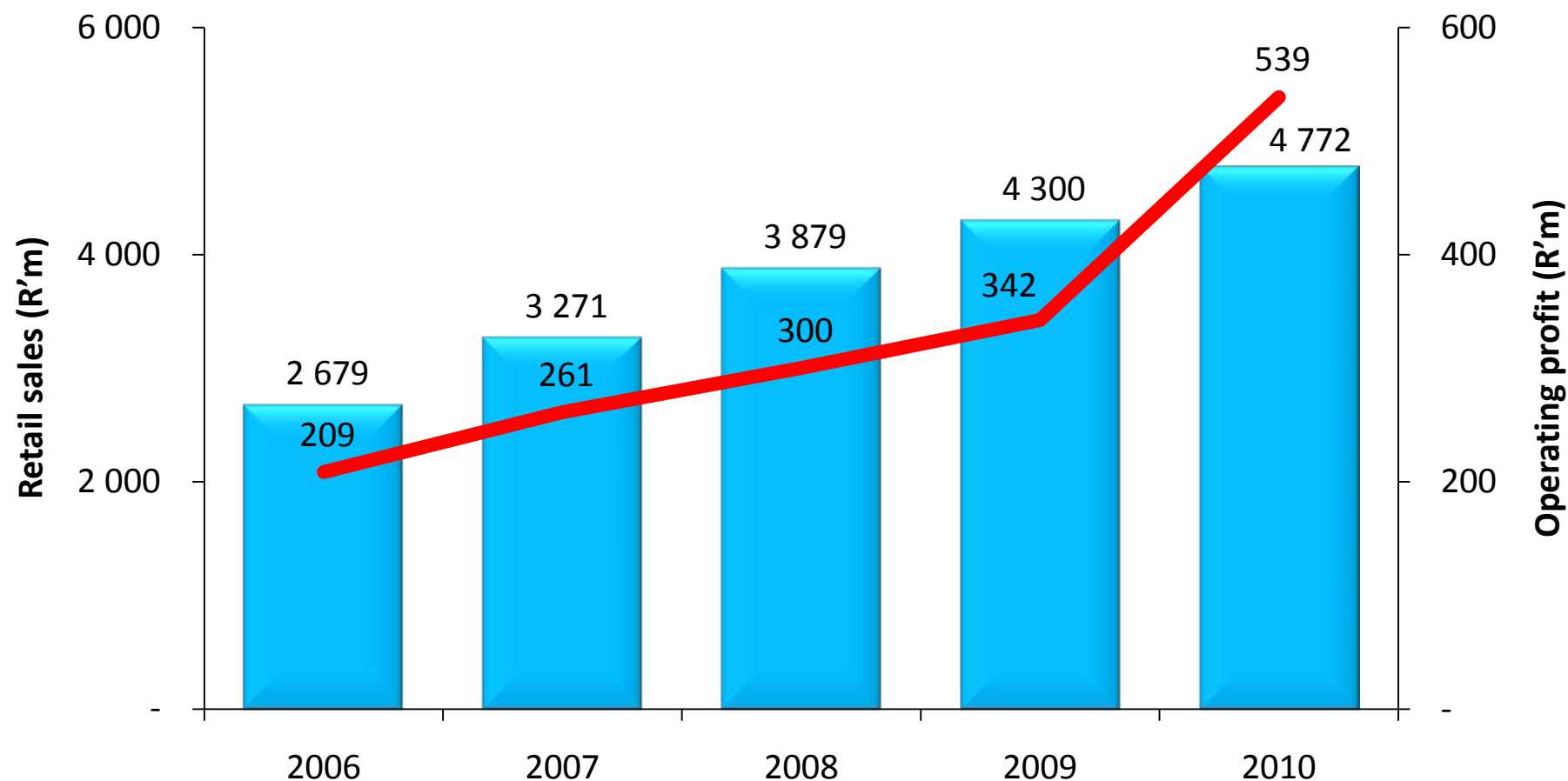
^{*1} Impacted by higher STC charge as a result of lowering dividend cover

^{*2} Excludes impact of export partnerships

^{*3} Dividend cover at year end not expected to exceed 1.6 times

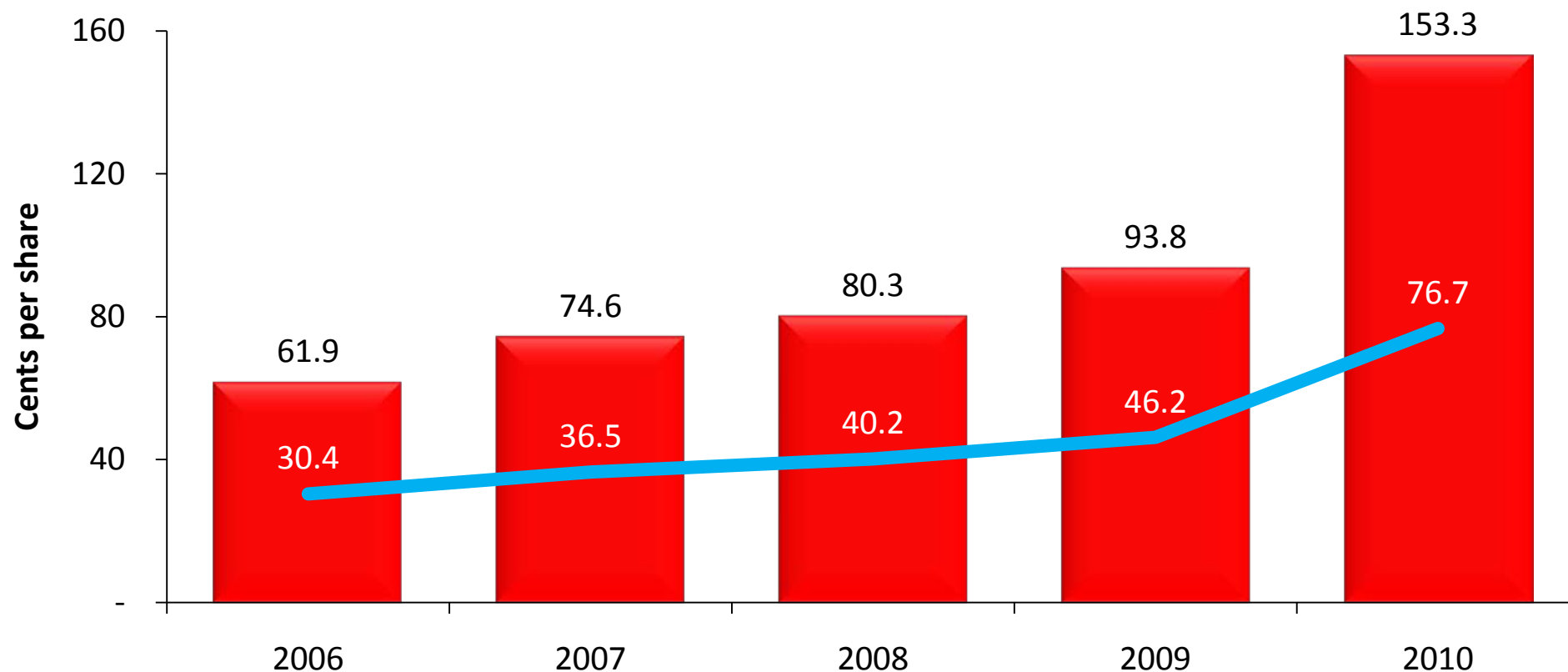


Sales and operating profit growth



5 Year CAGR – Retail sales: 17% Operating profit: 26%

Core headline earnings and dividends per share



Core HEPS
Dividends per share

5 Year CAGR

28%

26%

10 Year CAGR

28%

38%

Financial position

R'm

Non-current assets

Long-term receivables and prepayments

Property, plant and equipment

Intangible and other assets

Current assets

Inventories

Trade and other receivables

Cash and cash equivalents

Equity attributable to shareholders

Non-current liabilities

Current liabilities

2010

2009

-

240

492

559

154

79

827

968

903

771

1 241

635

3 617

3 252

1 937

1 756

176

228

1 504

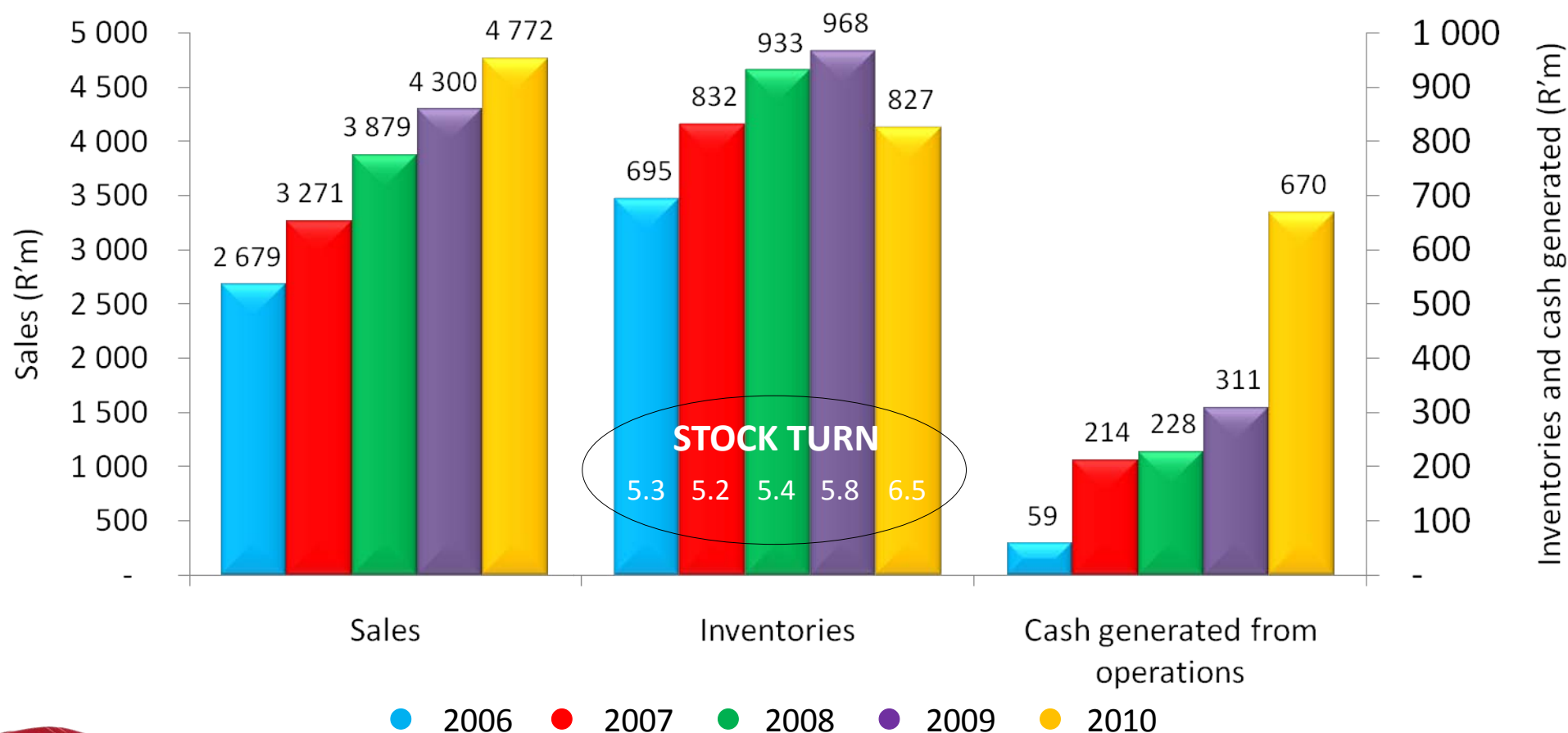
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Project Redgold



Inventory at 2007 levels despite a sales increase of 46% over the period

Trade receivables

	2010	2009	Growth
Gross trade receivables	R 855m	R 742m	15%
Net bad debts as % credit sales *	2.5%	3.8%	
Net bad debts as % debtors *	4.7%	7.4%	
Impairment provision (% of debtors)	8.2%	8.6%	
Markov chain analysis	5.4%	5.3%	
Additional risk factors	2.8%	3.3%	

* Excludes collection costs, movement in provision

Direct Marketing Awards

- Direct Marketing Association of South Africa – Assegai Awards
 - best use of direct marketing using mobile technology
- Mobile Marketing Association (Europe, Middle East and Africa)
 - building customer relationships
 - best launch of a new service



Trade receivables

	2010	2009	Growth
Number of active accounts	1 000 k	871 k	15%
Average credit limit	R 2 274	R 2 367	
Average balance	R 855	R 851	
% able to purchase	89%	87%	
New application approval rate	42%	36%	

Debt relief applications

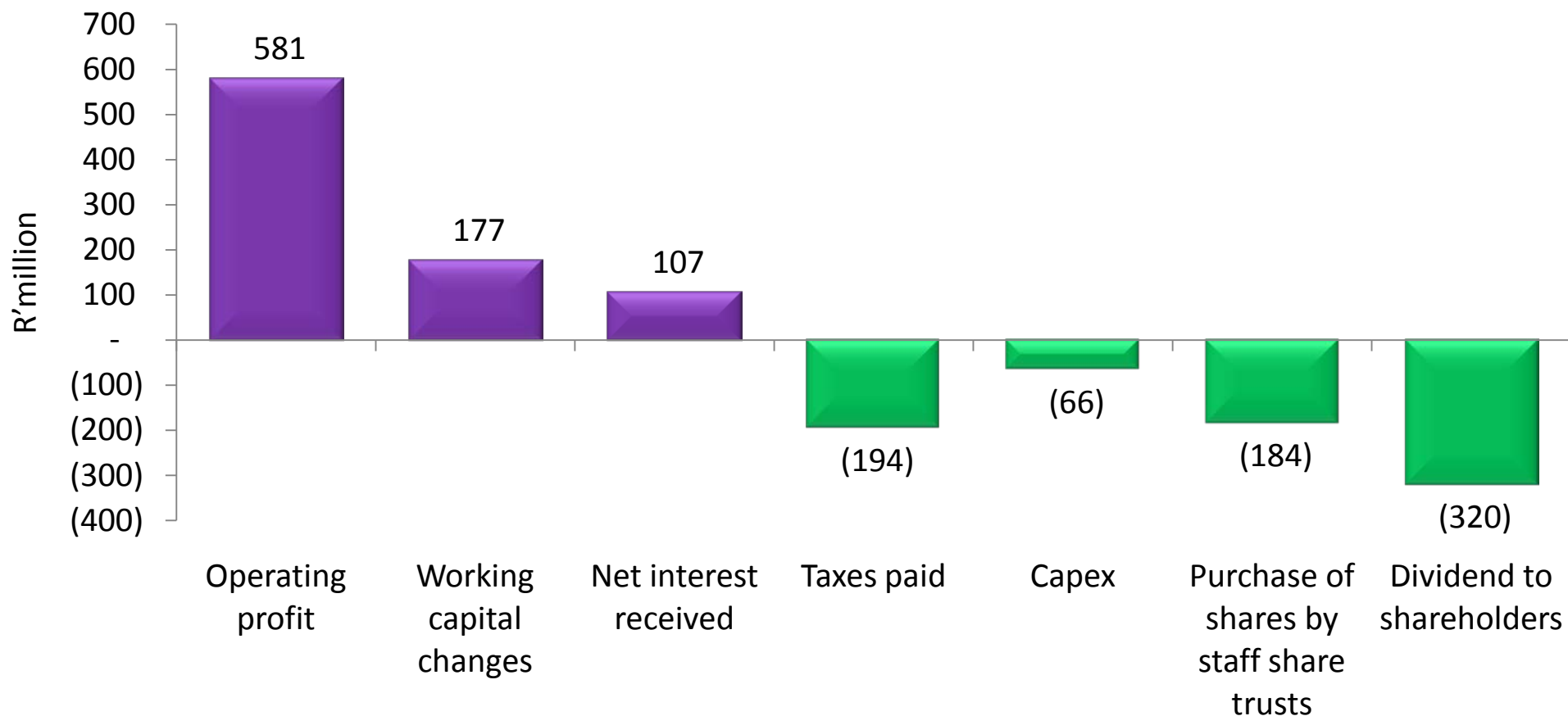
	2010		2009	
	Number	Value	Number	Value
Requested	3 834	R5.1m	5 467	R7.9m
Granted	3 803	R5.8m	2 023	R2.9m
Total	7 637	R10.9m	7 490	R10.8m



Average debtor balances are less than half the of industry average

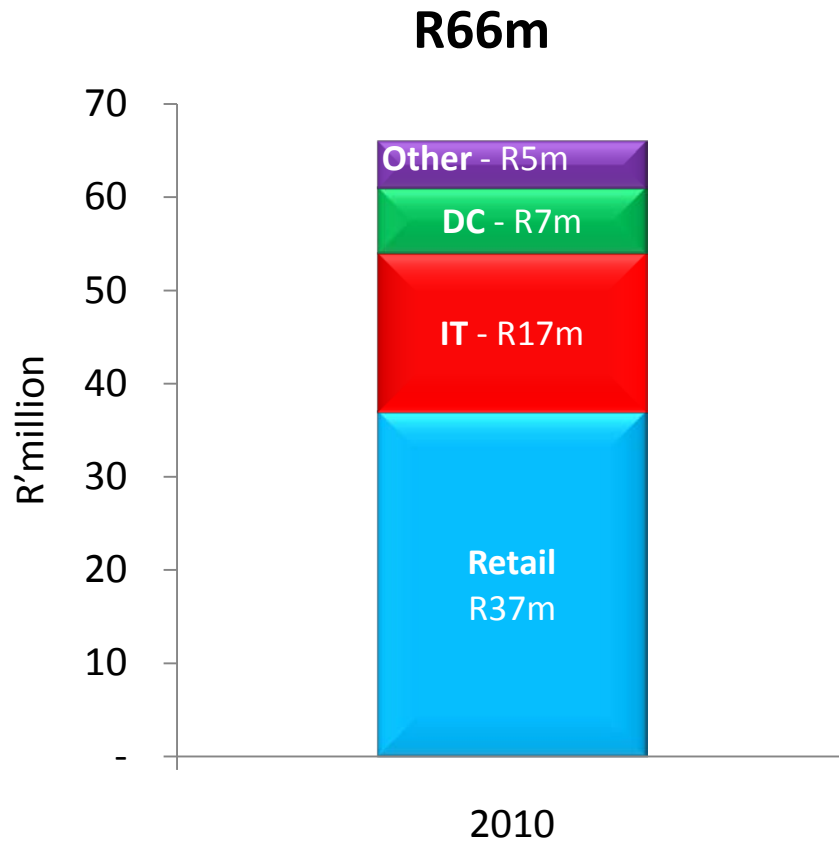


Cash flow – significant items

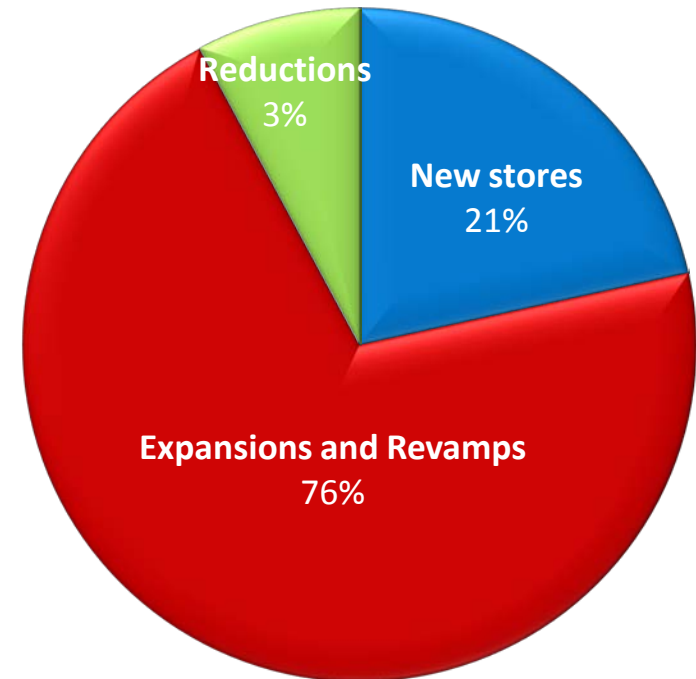


Cash generated from operations up 116%
Cash sales 82.3% (LY: 82.6%)

Capital expenditure



Split of retail capex F2010



Projected capex spend for FY2011 – R195m



Divisional Performance

Segmental performance - Apparel

	2010	2009	Growth
Retail sales	R 3.4 bn	<i>R3.1 bn</i>	11.4%
Comparable sales			6.5%
Unit sales	56.5 m	<i>51.1 m</i>	10.6%
Weighted average space growth			4.6%
RSP inflation			0.8%
Trading density	R 21 998m⁻²	<i>R 20 685m⁻²</i>	6.3%
Operating profit	R 517.5 m	<i>R 385.2 m</i>	34.4%
Operating margin	15.2 %	<i>12.6 %</i>	
Number of stores	578	<i>576</i>	



Apparel constitutes 72% of group sales



Mr Price

	2010	2009	Growth
Retail sales	<i>R 2.7 bn</i>	<i>R2.4 bn</i>	<i>12.0 %</i>
Comparable sales			<i>7.7 %</i>
Unit sales	<i>49.5 m</i>	<i>44.4 m</i>	<i>11.5 %</i>
Weighted average space growth			<i>6.1 %</i>
RSP inflation			<i>0.6 %</i>
Trading density	<i>R27 071m⁻²</i>	<i>R 25 414m⁻²</i>	<i>6.5 %</i>
Number of stores	<i>339</i>	<i>328</i>	



Highlights

- Per AMPS survey performed in July 2010, increase of 16% in number of shoppers, with increase in AMPS universe of 8%
- The AMPS survey also noted:
 - 30% growth in number of shoppers aged 15-24
 - 15% increase in black shoppers (2009: 39%)
 - notable increase in Coloured (26%) and Indian (53%) shoppers
- In our target market, per Bateleur Khanya research:
 - Mr Price has the highest brand affinity of apparel retailers
 - Holds the position as most frequented clothing chain (both for 4 consecutive years)



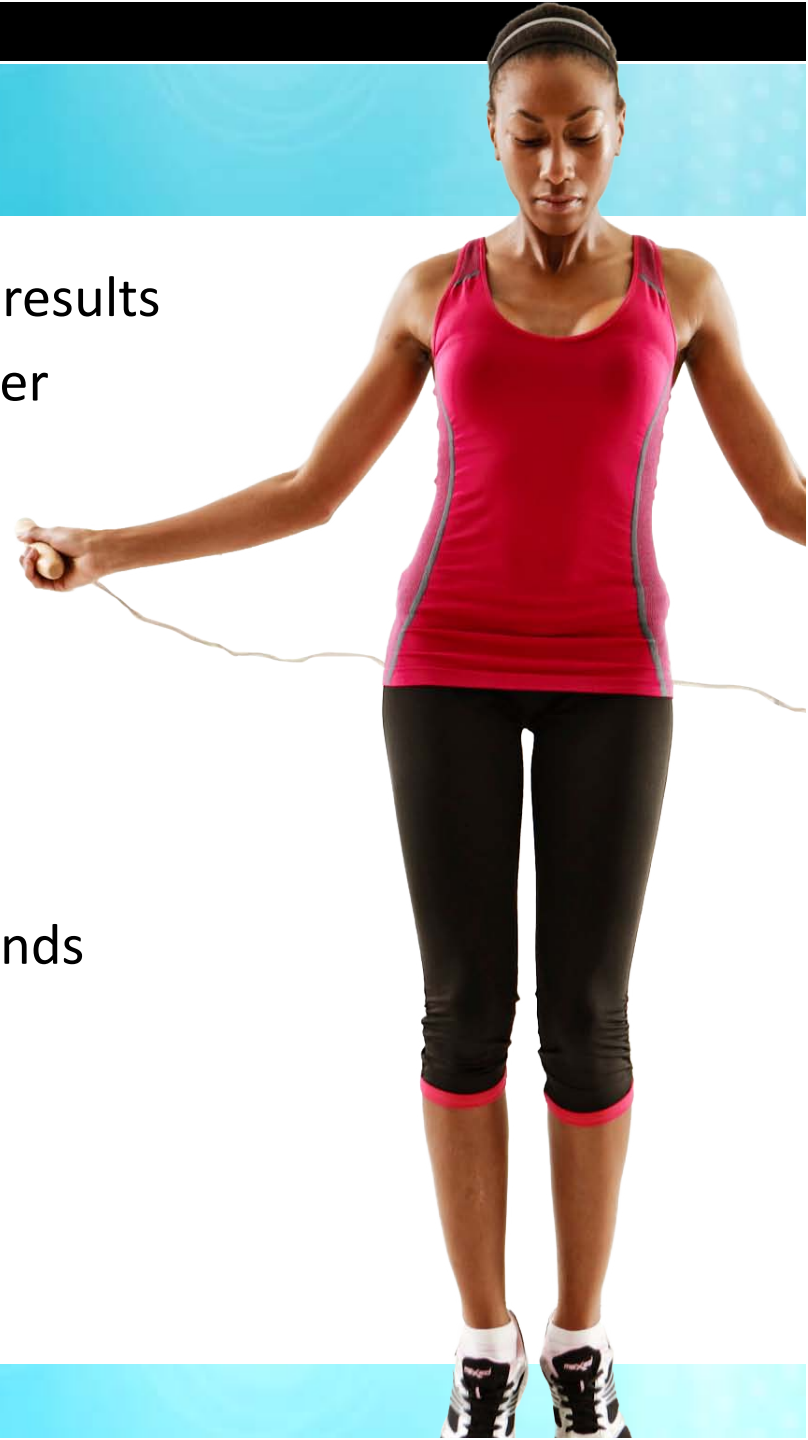
Mr Price Sport

	2010	2009	Growth
Retail sales	R 244 m	<i>R 194 m</i>	25.9 %
Comparable sales			7.1 %
Unit sales	3.3 m	<i>2.6 m</i>	26.5 %
Weighted average space growth			8.3 %
RSP inflation			(0.5%)
Trading density	R 11 121m⁻²	<i>R 9 781m⁻²</i>	13.7 %
Number of stores	36	<i>32</i>	



Highlights

- Action taken in previous year continues to yield results
- Gross margin percentage improved through lower markdowns
- Strategic reduction in trading space proving successful
- Division exceeded internal profitability targets
- Per Bateleur Khanya research:
 - ranks 1st in spontaneous awareness
 - increased customer acceptance of house brands
- 3 more stores planned to year end



Miladys

	2010	2009	Growth
Retail sales	R 484 m	R 472 m	2.5 %
Comparable sales			1.1 %
Unit sales	3.7 m	4.1 m	(9.4%)
Weighted average space growth			(1.6%)
RSP inflation			13.1 %
Trading density	R 14 434m⁻²	R 14 209m ⁻²	1.6 %
Number of stores	203	216	

MILADYS



Highlights

- Performance negatively affected by
 - change in buying methodology
 - poor deliveries from suppliers
- Despite the factors detailed above and low sales growth, division achieved a significant increase in operating profit due to
 - lower markdowns
 - tight expense control
- Per Bateleur Khanya research:
 - spontaneous awareness in target market maintained
 - held brand affinity in a market where brand affinities declined
- Steady increase in new account applications

MILADYS



Segmental performance - Home

	2010	2009	Growth
Retail sales	R 1.4 bn	<i>R 1.2 bn</i>	10.0 %
Comparable sales			9.9 %
Unit sales	23.8 m	22.2 m	7.6 %
Weighted average space growth			(1.0%)
RSP inflation			2.5 %
Trading density	R 14 644 m⁻²	<i>R 13 365 m⁻²</i>	9.6 %
Operating profit	R 83.0 m	<i>R 4.4 m</i>	1785.7 %
Operating margin	6.1 %	0.4 %	
Number of stores	365	375	



Both chains continued to gain market share



Mr Price Home

	2010	2009	Growth
Retail sales	<i>R 948 m</i>	<i>R 850 m</i>	<i>11.5 %</i>
Comparable sales			<i>11.3 %</i>
Unit sales	<i>16.7 m</i>	<i>14.9 m</i>	<i>12.0 %</i>
Weighted average space growth			<i>(0.9%)</i>
RSP inflation			<i>(0.2%)</i>
Trading density	<i>R 13 694m⁻²</i>	<i>R 12 355m⁻²</i>	<i>10.8 %</i>
Number of stores	<i>131</i>	<i>136</i>	



Highlights

- Initiatives introduced last year have significantly improved trading performance
- Market share growth per RLC driven by domestic textiles
- Per Bateleur Khanya research: Mr Price Home remains the most loved and most frequented homewares retailer
- Per AMPS:
 - increase in number of shoppers of 11% compared to AMPS universe increase of 8%
 - Growth 17% in our target market (25-34 year old)



Sheet Street

	2010	2009	Growth
Retail sales	R 411 m	<i>R 385 m</i>	6.7 %
Comparable sales			7.2 %
Unit sales	7.2 m	<i>7.3 m</i>	(1.4 %)
Weighted average space growth			(1.2 %)
RSP inflation			8.6 %
Trading density	R 17 357m⁻²	<i>R 16 304m⁻²</i>	6.5 %
Number of stores	234	<i>239</i>	



Highlights

- Significant increase in operating margin achieved by higher GP% (improved resourcing and markdowns) and tight expense control (5% growth vs. 7% sales growth)
- Per RLC market share in main category (domestic textiles) over past year has increased by more than 1%
- The division continues to be the 2nd most loved homewares retailer
- Per AMPS, gains in target market (LSM: 5-8) and black shoppers, which now stands at 56%

Winner - Ask Afrika Orange Awards for service recognition in the home brand category



Mr Price International

- Post 2000 compound GDP growth in Africa has been 4.9% and wholesale/retail sector 6.8%
- Africa has 52 cities with population exceeding 1 million and by 2040 the labour force will exceed China's
- Have extensive experience in Southern Africa with 42 owned stores outside our borders and 24 franchise stores
- Corporate stores are the preferred model
- Focus on specific regions with sufficient buying power and where critical mass can be achieved
- Field research about to begin on:
 - establishing appropriate structures for our corporate stores
 - logistics
 - property
- Bond store to be operational from early 2011



Economic outlook

- Number of leading indicators suggest that economy is slowly recovering
- Credit demand positive since May 2010, however recovery expected to be subdued
- Although consumers are more confident, growth in spending post World Cup is slowing
- CPI expected to remain within targeted range
- Electricity increases well above inflation
- Interest rate cycle stable in the short term
- Rand strength/volatility vs. US Dollar
- Continued unemployment challenges

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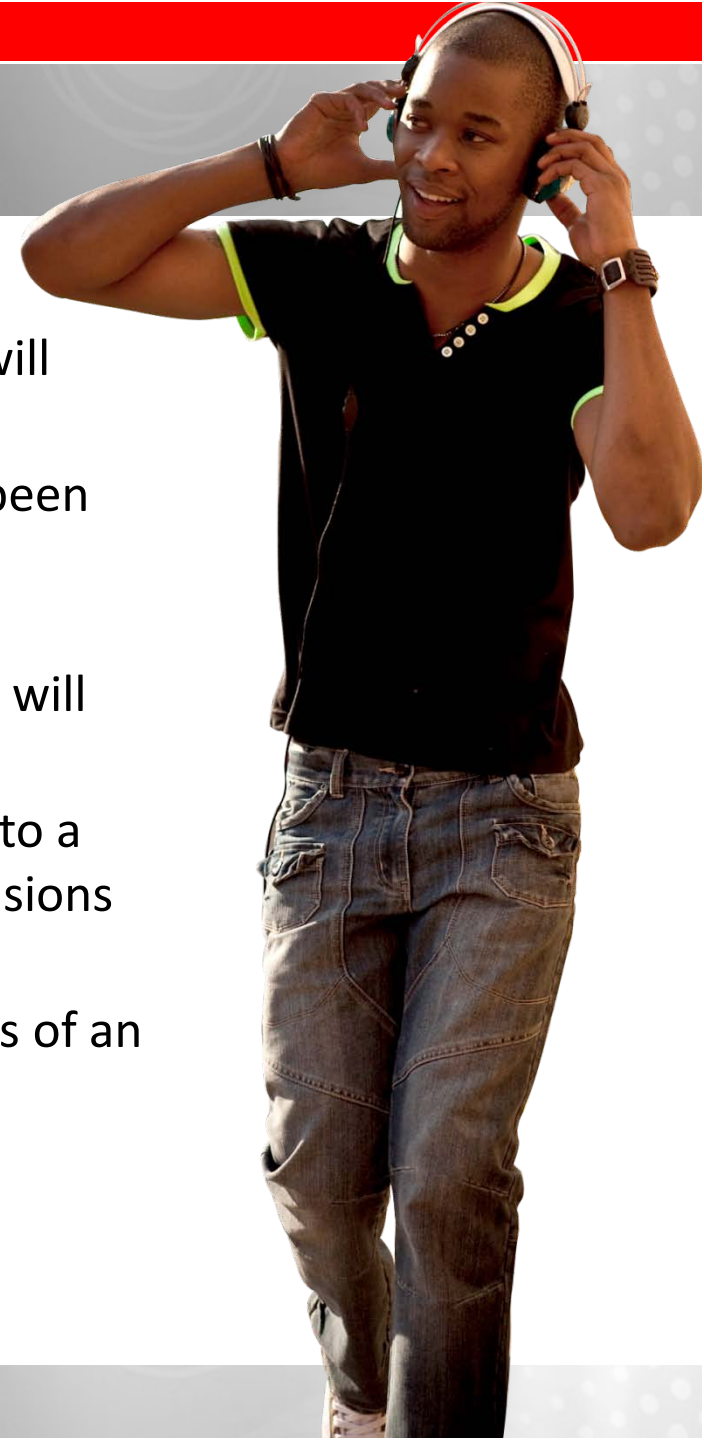
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Prospects

- Although the trading environment is expected to remain challenging, consumer confidence is improving and we will capitalise on this
- Focus on cash with a tightly managed credit facility has been successful in good and bad trading conditions
- Improvement in internal efficiencies, trading densities, Project Redgold, selective space growth and cost control will further enhance operating margins
- 2nd half profit growth will not be as high as first half due to a higher base - action to address the underperforming divisions had a positive impact on 2nd half 2010 financial year
- 53rd week FY2011 - changed basis of computation, so less of an impact than before





Thank You