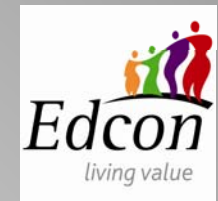


Results for the year
ended
28 March 2009





Q4 FY 2009

Excluding consolidation of OtC

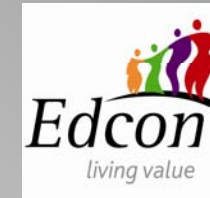
Highlights for 4th Quarter FY 2009

- Retail sales up 7.3% to R4.6bn
- Divisional retail sales growth:

	Total
Edgars	3.3%
CNA	9.9%
Discount division excl Discom	8.5%
Discount Division	11.8%

- Group Like for Like sales growth was up 3.8% on last year
- Gross Profit margin of 35.8% from 36.3%
- Profit from credit and financial services up R70m to R159m
- Adjusted EBITDA up 14.8% to R496 m





Year to March 2009 excluding consolidation of OtC

Highlights for FY 2009



- Retail Sales up 9.4% to R22.1bn
- Division Retail Sales growth:

	Total
Edgars	6.4%
CNA	6.9%
Discount division excl Discom	6.3%
Discom	<i>Discom not comparable for the full year</i>

- Group like for like sales growth was up 3.2% on last year
- Gross profit margin of 37.6%, same as last year
- Breakdown of GP margins:

	FY09	FY08
Edgars	42.2%	41.8%
CNA	32.8%	33.8%
Discount division excl Discom	34.0%	33.6%
Discount division incl Discom	32.8%	32.9%

Highlights for FY 2009 (cont.)

- Average trading space grew 8.7% to 1.251 million m²
- Closed at 1,233 stores versus 1,141 last year
- Clothing & Footwear at 31%, same as last year
- Profit from Credit and Financial Services up from R360m to R565m
- Credit sales were 52% of total vs 53% in FY08
- Adjusted EBITDA up 11.2% to R3 410m
- Adjusted EBITDA margin of 15.4% from 15.2%

Cash Flow Highlights for FY 2009

- Operating cash flow before working capital rose 18.0% to R3 432m
- Investment in working capital of R1 420m from R354m
- Cash net interest expense of R1.9bn, from R1.7bn in FY08
- Capex was R569m compared with R571m last year
 - R298m store fixtures
 - R265m in IT infrastructure

Credit Highlights for FY 2009

- Profit from credit of R216m, up from R73m in FY08
 - Additional profit of R283m from OtC
- Bad debts to average debtors of 11.8%, from 11.6%
- After tax earnings of financial services JV up 21.6% to R349m
- Active account base of 4.3 million, from 4.1 million
- Provision for doubtful debts of 9.9% on combined debtors' book

Liquidity and Capital Resources

- Notes (net of derivatives) of R18.5bn
- Borrowing base facility–R3.4bn utilised
 - R0.8bn utilised by Edcon
 - R2.6bn utilised by OtC
- Revolving credit facility–R1.8bn utilised
- Maximum drawdown during FY 2008:
 - Borrowing Base (including OtC) R3.9bn
 - Revolving Credit R2.3bn

Liquidity and Capital Resources *(cont.)*

- Total Facilities:
 - Borrowing Base R6.5bn
 - Revolving Credit R3.5bn
- Current hedging position :
 - Interest rates on notes are still fixed and currency hedged until June 2011
 - Currency hedged on principal until June 2012
 - We continue to monitor appropriateness of hedging strategy
- Borrowing base facility matures in June 2010. We have already started looking at alternatives. Investigating a listed securitisation and extension of receivables backed facilities.

Commentary on Results

- South Africa remained in a challenging economic environment
 - Slow down in economic growth and recently moved into a recession
 - Started to see job losses
 - High levels of consumer debt
 - Rand was relatively weak throughout the financial year
 - Interest rates started to come down but impact will only be felt in the future

Commentary on Results *(cont.)*

- Highlights for the year
 - Roll-out of centralised sourcing function
 - Content improvement in previously deficient categories
 - Reduced markdowns as % to sales
 - All of the above ensured that we maintained GP margins despite the weaker Rand
 - Productivity improvements in stores
 - Focus on cost containment
 - New senior management in both Edgars and Discount Division
 - Success in store expansion strategy – we rolled out 8.7% average increase in space
 - Recently signed a further 2 year wage settlement with the union



Challenges Going Forward

- Customer experience
 - Improve store processes
 - Improve stock balancing across stores
 - Reduce stockouts
 - Realise the benefits from restructure of merchandise team
- Impact of job losses and high levels of debt on credit and financial services
 - Tighten credit granting to higher risk customers
 - Improve collection efficiency
 - Improve cross-selling of financial services products



Challenges Going Forward (cont.)



- Weaker Rand
 - Partly offset by the sourcing initiatives. Centralised sourcing team has been created to facilitate consolidated purchases
 - All our competitors are also impacted. We are twice the size therefore have more flexibility
 - We remain 100% covered on all imported goods at time of placing the order
 - Bonds are hedged to June 2012
- Inflation and Costs
 - Focus on store costs and productivity
 - Limit growth on corporate departments including IT and HR
 - Reduction in capex to less than R500m in FY10, from R569m in Fy09
 - Store expansion will slow (we expect space to grow at less than 5% in FY10)

Macro Economic Outlook



- Retail conditions challenging due primarily to:
 - High food inflation
 - Slow down in economic growth
 - Projected job losses in South Africa
 - High levels of consumer debt
 - Falling consumer confidence

- Medium/long term prospects still look good
 - Government infrastructure spend program, R787bn over next three years
 - Continued rollout of social grants
 - Impact of lower inflation and interest rates
 - Medium term GDP growth projections are strong
 - Impact of 2010 World Cup
 - The current macroeconomic environment may create opportunities to gain market share at the expense of smaller competitors
 - Fiscal policy is stimulatory and government has capacity to spend more
 - Sound banking system

Summary

- The short term will continue to be challenging based on all the macroeconomic factors we have discussed. Next financial year may be more difficult than the current year. As a result, we've been cautious in how we lend to new customers and slowed new store openings. Also, we will focus on reducing overheads in head office and stores.
- However, we continue to be optimistic about the medium to long term prospects for Edcon and the South African retail environment.
- In addition to the strategic initiatives outlined earlier, we believe Edcon remains in a position to grow its business profitability as a result of
 - Leading market position
 - Established, industry-leading brands
 - Largest consumer credit database
 - Strong operating performance
 - Experienced management team plus high calibre of new recruits
 - Strong equity sponsor – Bain capital

