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Investor Presentation

Trading Results for the period ended 26 September 2009

(excluding consolidation of OtC)

Q2 FY 2010
Excluding consolidation of OtC

Trading results for the 2nd Quarter FY 2010

- Retail sales down 5.9% to R4.5bn
- Divisional retail sales growth:

	Total
Edgars	- 4.2%
CNA	- 2.1%
Discount division	- 8.9%

- Group Like for Like sales were down 9.1% on last year
- Average trading space grew 6.5% to 1.309 million sqm
- 1244 stores versus 1153 last year

Trading results for the 2nd Quarter FY 2010 (cont.)

- Credit sales were 49% of total compared to 52% last year
- Gross Profit margin of 35.8% from 37.0%
- Profit from credit and financial services down R90m to R49m
- Adjusted EBITDA down 38.4% to R386m
- Cash generated by operations up 185.4%

Gross Profit Margins

	Q2 FY10	Q2 FY09
Edgars	40.3%	41.8%
CNA	32.5%	32.1%
Discount Division	30.3%	31.7%
Group	35.8%	37.0%

Cash Flow for 2nd Quarter for FY 2010 (excl. OtC)

- Reduction in working capital of R541m compared with R298m increase last year
- Cash generated from operating activities up to R936m from R328m (a rise of 185.4%)
- Cash net interest expense of R469m (R530m incl. OtC)
- Capex was R104m compared with R162m last year
  - R47m store fixtures
  - R57m in IT infrastructure

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Credit Highlights for 2nd Quarter for FY 2010

- Loss from credit of R45m, down from R68m profit in FY09
- Bad debts to average debtors of 12.1%, same as last year
- Active account base of 4.2 million, compared to 4.1 million last year
- After tax earnings of financial services JV up 32.4% to R94m

Six months to September 2009 excluding consolidation of OtC

Trading results for Year to Date FY 2010

- Retail Sales down 1.7%
- Divisional Retail Sales Growth

	Total
Edgars	- 1.3%
CNA	0.1%
Discount Division	- 2.5%

- Group like for like sales growth was down 4.9% on last year
- Gross profit margin of 36.0%, from 37.8%

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Trading results for Year to Date FY 2010 (cont.)

- Adjusted EBITDA down 20.7% to R1 123 million
- Profit from Credit and Financial Services down from R250 million to R147 million
- Cash generated by operations up 58.6%
- Capex was R213 million compared with R298 million last year

Liquidity and Capital Resources

- Notes (net of derivatives) of R18.7bn
- Borrowing base facility – R2.4bn utilised
  - R0.5bn utilised by Edcon
  - R1.9bn utilised by OtC
- Notes issued by OtC II R1bn
- Revolving credit facility – R2.0bn utilised
- Maximum drawdown during FY 2010:
  - Borrowing Base (including OtC) R3.4bn
  - Revolving Credit R2.7bn

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Liquidity and Capital Resources (cont.)

- Total Facilities:
  - Borrowing Base and Receivable Backed Facilities R5.5bn
  - Notes issued by OtC II R1.0bn
  - 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

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Securitisation and Receivables Financing

- Borrowing base facility matures in June 2010
- In August 2009, R1 billion was raised in a publicly listed securitisation
- Funds raised were used to pay down commitments under the existing receivables facilities
- Still in discussion with bank syndicate to extend the remaining receivable backed facilities. We are close to finalisation

Commentary on Results

- South Africa economic environment remained challenging
  - Negative economic growth
  - Job losses
  - High levels of consumer debt
  - Volatile Rand
  - Interest rates have come down by 500bps but debt to household income ratio still at 76% so no short term benefit to sales
- Lower GP margins due to
  - Weak economic environment
  - Extensive competitor markdown activity
- Tightened credit granting due to reducing credit risk in period of negative economic growth

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Actions taken to Mitigate Risks

- Strong focus on cash flow generation
  - Reduced capex spend – R453m in FY10, from R569m in FY09
  - Store expansion will slow – an additional 4.7% will be added in FY10
  - Cost containment initiatives resulted in lower corporate overheads
- Reduce debtors book risk
  - Tightened credit granting for higher risk customers
  - Conservative provisioning for bad debts
- Labour productivity improvement in stores
- Stock levels below last year, inventory very current, markdowns up to date

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Outlook

- Retail conditions challenging due primarily to:
  - Negative economic growth
  - Further job losses in South Africa
  - High levels of consumer debt
  - Falling consumer confidence
  - High increases in utility prices

- Medium/long term prospects still look good
  - Government infrastructure spend program, approximately R700bn over next three years
  - Impact of lower inflation and interest rates
  - Medium term GDP growth projections are more positive
  - Impact of 2010 World Cup
  - Fiscal policy is stimulatory and government has capacity to spend more

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