Investor Presentation

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Trading results for the Second quarter ended 2 October 2010

(excluding consolidation of OtC)

Trading Environment

- South Africa economic environment improving
  - Higher GDP growth
  - Lower interest rates and declining inflation
  - Further roll out of social grants and extensive government capital expenditure programmes
- Offset somewhat by job losses and stubbornly high levels of consumer debt

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Actions taken to improve performance

- **Merchandising and shopping experience**
  - *Actions*
    - New merchandise assortments
    - Upgrades to store formats
    - Revamped marketing
    - Great new hires
  - *Results*
    - Sales comps improving
    - Growth accelerating
- **Credit strategy**
  - *Actions*
    - Refocused on highest IRR customers and categories
  - *Results*
    - Key credit quality metrics all improving

Actions taken to improve performance

- **Bottom line and cash flow focus**
  - *Actions*
    - Supply chain efficiencies
    - Store operations improvements
    - Focus on working capital
  - *Results*
    - H1 September gross profit margins for the group are +120bps up on last year
    - Operating expenses under budget
    - Strong cash flow

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Trading results for the 2nd Quarter FY 2011

All data presented below is based on comparable weeks

- Retail sales up 13.8% to R5.0bn
- Divisional retail sales growth:

	Total
Edgars	13.0%
CNA	6.0%
Discount	16.7%

- Group Like for Like sales growth was up 13.3% on last year
- Average trading space grew 0.5% to 1.3 million sqm
- 1 195 stores versus 1 244 last year

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Trading results for the 2nd Quarter FY 2011 *(cont.)*

- Credit sales were 48% of total compared with 49% last year
- Gross Profit margin remain unchanged at 36.1%
- Profit from credit and financial services up R49 million to R108 million
- Adjusted EBITDA up 27.6% to R490 million

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Gross Profit Margins

	Q2 FY11	Q2 FY10
Edgars	40.4%	41.1%
CNA	33.1%	32.4%
Discount division	31.1%	29.9%
Group	36.1%	36.1%

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Credit Highlights for 2nd Quarter for FY 2011

- Loss from credit of R6 million, from a loss of R45 million in FY10
- Bad debts to average debtors of 11.8%, down from 12.9% at FY10 year end
- After tax earnings of financial services JV up 21.3% to R114 million
- Active account base of 3.8 million, down from 4.2 million last year

Cash Flow for 2nd Quarter for FY 2011 *(excl. OtC)*

- Operating cash inflow before working capital up from R381 million to R491 million
- Decrease in working capital of R82 million compared with R293 million decrease last year (following the credit tightening last year)
- Cash net interest expense of R444 million compared with R492 million last year
- Capex was R88 million compared with R104 million last year. Includes:
  - R80 million store fixtures
  - R8 million in IT infrastructure

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Six months to September 2010

Trading results for the year to date FY 2011

All data presented below is based on comparable weeks

- Retail sales up 7.5% to R10.5bn
- Divisional retail sales growth:

	Total
Edgars	7.5%
CNA	4.5%
Discount	8.1%

- Group Like for Like sales growth was up 6.4% on last year
- Average trading space grew 1.2%

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Trading results for year to date FY2011

- Gross Profit margin of 37.2% from 36.0%
- Profit from credit and financial services up R100 million to R247 million
- Adjusted EBITDA up 16.6% to R1 298 million
- Operating cash inflow before working capital up from R1 096 million to R1 288 million

Liquidity and Capital Resources

- Euro Notes (net of derivatives) of R19.5 billion
- Notes issued by OtC II R4.3 billion
- Revolving credit facility–R465 million utilised (maximum drawing during FY2011 R1.1 billion). Total facility is R3.5 billion
- Cash on hand R304 million (R894 million including OtC)
- Securitisation and Receivables financing
  - In August a further securitisation tap issue was completed for R1.4 billion to refinance:
    - R445 million notes maturing July 2010
    - R955 million notes maturing October 2012
  - Issuance lowered the cost and extended the maturity of existing notes

Liquidity and Capital Resources *(cont.)*

- Current Hedging position:
  - Interest rates on notes are still fixed and currency hedged until June 2011
  - Currency hedged on principal until June 2012
  - In ongoing and constructive discussions with hedge counterparties to
    - Put in place appropriate hedging beyond maturities of existing programs
    - Minimise uncertainty of any potential obligation in 2012

Edcon confirms that it is in discussions with its hedging counterparties, Barclays Bank plc, Deutsche Bank, Standard Bank of South Africa and The Royal Bank of Scotland plc with respect to the entry into new hedging arrangements for managing its existing foreign exchange exposures.

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Outlook

- We are cautiously optimistic about the Festive Season and the year ahead but the economy still faces some short term challenges
  - Positives
    - Improving consumer confidence
    - Soft base from FY10
    - Further growth in GDP
    - Low interest and inflation rates
    - Real wage growth
    - Relatively young emerging customer base
  - Negatives
    - Job losses in the past year
    - High levels of consumer debt
    - High increases in utility prices
- Medium/long term prospects looking positive
  - GDP growth expected to continue
  - Improved credit position of customers
  - Government infrastructure spend program
  - Impact of lower inflation and interest rates
  - Further roll-out of social grants
  - Growing middle class

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