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Trading results for the Third quarter ended 1 January 2011

(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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Overall view

- Business transformation started in FY09 is continuing
  - Strategy and team coalescing
  - Growth and cost initiatives gaining momentum
  - Focused on cash flow
- Turnaround showing strong results in profitability and cash generation
- Consistency of merchandising & execution improving
- Succession plan announced, CEO Ross retires in 2012, new highly qualified CEO Schreiber arrives April 2011

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
    - Regaining market share in key areas
- **Credit strategy**
  - *Actions*
    - Refocused on highest IRR customers and categories
  - *Results*
    - Key credit quality metrics all improving

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Actions taken to improve performance

- **Bottom line and cash flow focus**
  - *Actions*
    - Supply chain efficiencies
    - Store operations improvements
    - Focus on working capital
  - *Results*
    - YTD EBITDA margins up on last year
    - Strong cash flow

Trading results for the 3rd Quarter FY 2011

All data presented below is based on comparable weeks

- Retail sales up 6.4% to R7.5bn
- Divisional retail sales growth:

	Total
Edgars	8.6%
CNA	4.7%
Discount	3.9%

- Group Like for Like sales growth was up 5.4% on last year
- Average trading space declined by 0.4% to 1.3 million sqm
- 1 198 stores versus 1 250 last year

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Trading results for the 3rd Quarter FY 2011 *(cont.)*

- Credit sales were 49% of total compared with 51% last year
  - Cash sales up 9.0%
  - Credit sales up 3.8%
- Gross Profit margin down to 37.2% from 38.6% last year
- Profit from credit and financial services down R13 million to R240 million
- Adjusted EBITDA up 1.8% to R1,365 million

Credit Highlights for 3rd Quarter for FY 2011

- Profit from credit of R121 million, from a profit of R140 million in FY10
- Bad debts to average debtors of 11.6%, down from 12.7% at FY10 year end
- After tax earnings of financial services JV up 5.3% to R119 million
- Active account base of 3.8 million, down from 4.0 million last year

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Cash Flow for 3rd Quarter for FY 2011 *(excl. OtC)*

- Operating cash inflow before working capital of R1,343 million compared with R1,347 million last year
- Decrease in working capital of R669 million compared with R910 million decrease last year (following the credit tightening last year)
- Cash net interest expense of R432 million compared with R474 million last year
- Capex was R167 million compared with R132 million last year. Includes:
  - R130 million store fixtures
  - R37 million in IT infrastructure

Nine-months to December 2010

Trading results for the year to date FY 2011

All data presented below is based on comparable weeks

- Retail sales up 7.0% to R17.9bn
- Divisional retail sales growth:

	Total
Edgars	7.9%
CNA	4.6%
Discount	6.3%

- Group Like for Like sales growth was up 6.0% on last year
- Average trading space grew 0.7%

Trading results for year to date FY2011

- Credit Sales were 49% of total compared with 51% last year
  - Cash sales up 10.8%
  - Credit sales up 3.4%
- Gross Profit margin of 37.2% from 37.1%
- Profit from credit and financial services up R87 million to R487 million
- Adjusted EBITDA up 8,6% to R2,663 million
- Operating cash inflow before working capital up 8.8% from R2,439 million to R2,635 million

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Liquidity and Capital Resources

- Euro Notes (net of derivatives) of R19.6 billion
- Notes issued by OtC II R4.3 billion
- Revolving credit facility – zero utilised (maximum drawing during FY2011 R1.1 billion). Total facility is R3.5 billion
- Cash on hand R1,239 million (R1,332 million including OtC)

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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 existing hedge counterparties to
    - Put in place appropriate hedging beyond maturities of existing programs
    - Minimise uncertainty of any potential obligation in 2012

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Outlook

- We are cautiously optimistic about the year ahead building on:
  - The strength of the South African economy recovery and its healthy medium term fundamentals despite short-term challenges
  - Edcon’s improved execution and momentum

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