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Trading results for the Second quarter ended 1 October 2011

(excluding consolidation of OtC)

Trading Results for the 2nd Quarter FY2012

All data presented below is based on comparable weeks

- Retail sales up 7.3% to R5.4bn
- Divisional retail sales growth:

	Total
Edgars	6.9%
CNA	11.7%
Discount	6.9%

- Group Like for Like sales were up 6.2% on last year
- Average trading space grew by 0.8% to 1.3 million sqm
- 1 159 stores versus 1 195 last year

Trading Results for the 2nd Quarter FY2012 *(cont.)*

- Credit sales were 51% of total compared with 48% last year (and 52% in Q1 this year)
- Gross Profit margin at 35.4% down from 36.1% last year
- Profit from credit and financial services up 53.7% to R166 million
- Adjusted EBITDA up 16.5% to R571 million

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Gross Profit Margins

	Q2 2011 %	Q2 2012 %
Edgars	40.4	40.3
CNA	33.1	31.0
Discount	31.1	29.8
Group	36.1	35.4

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Credit Highlights for 2nd Quarter for FY2012

- Profit from credit of R50 million, from a loss of R6 million in FY11
- Bad debts to average debtors of 8.9%, down from 11.8% at Q2 FY11 year end
- After tax earnings of financial services JV up 1.8% to R116 million
- Active account base of 3.8 million, in line with last year

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Cash Flow for 2nd Quarter for FY2012 *(excl. OtC)*

- Operating cash inflow before working capital up 13.2% to R556 million
- Increase in working capital of R153 million compared with R82 million decrease last year
- Cash net interest expense of R877 million compared with R444 million last year
- Capex was R143 million compared with R88 million last year. Includes:
  - R81 million store fixtures
  - R62 million IT systems infrastructure

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Six months to September 2011

Trading results for year to date FY2012

All data presented below is based on comparable weeks

- Retail sales up 7.3% to R11.2bn
- Divisional retail sales growth:

	Total
Edgars	7.3%
CNA	7.4%
Discount	7.2%

- Group Like for Like sales were up 6.2% on last year
- Gross Profit margin at 36.8% down from 37.2% last year
- Profit from credit and financial services up 45.7% to R360 million
- Adjusted EBITDA up 13.9% to R1,479 million

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Liquidity and Capital Resources

- Euro Notes (net of derivatives) of R21.7 billion
- ZAR notes of R1 billion
- Notes issued by OtC II R4.3 billion
- Revolving credit facility – R600 million utilised. Total facility is R3.1 billion
- Cash on hand R373 million (R1,287 million including OtC)
- Current Hedging position:
  - Interest rates on notes are still fixed and currency hedged until March 2014
  - Currency hedged on 60% of the principal until March 2014

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Trading Environment

- South Africa economic environment still favourable for retailers
  - GDP growth
  - Low interest and inflation rates
  - Real wage increases
  - Further roll out of social grants and extensive government capital expenditure programmes
- Offset somewhat by job losses and stubbornly high levels of consumer debt and high increases in electricity and fuel prices

Roadmap

Key priorities

Strengthen the core	Reduce complexity
❖ Property portfolio, expansion and runway	❖ Format management
❖ Margin management	❖ Store process optimisation
❖ Merchandise and flow of goods	❖ Merchandising systems upgrade
	❖ Efficiency & Effectiveness Project

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Outlook

We are cautiously optimistic about the year ahead building on:

- The strength of the South African economy (which is holding up despite the international economic concerns) and its healthy medium term fundamentals, albeit short-term challenges including rising inflation and the depreciating Rand remain

- Edcon's improved execution and momentum following the benefits from the transitional projects. Inventory investments have been enhanced to ensure stores remain in stock of key items over the Christmas period.

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