



**Trading results for the  
Third quarter ended  
31 December 2011**

**(excluding consolidation of OtC)**

# Trading Results for the 3<sup>rd</sup> Quarter FY2012

All data presented below is based on comparable weeks

- ❖ Retail sales up 12.3% to R8.4bn
- ❖ Divisional retail sales growth:

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	<b>Total</b>
Edgars	13.0%
CNA	11.1%
Discount	11.7%

- ❖ Group Like for Like sales were up 10.5% on last year
- ❖ Average trading space grew by 1.7% to 1.3 million sqm
- ❖ 1 183 stores versus 1 198 last year



# Trading Results for the 3<sup>rd</sup> Quarter FY2012 *(cont.)*

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- ❖ Credit sales were 51% of total compared with 49% last year (52% in Q1, 51% in Q2 this year)
- ❖ Gross Profit margin at 37.0% slightly down from 37.2% last year
- ❖ Profit from credit and financial services down 10.8% to R214 million
- ❖ Adjusted EBITDA up 13.3% to R1,546 million



## Gross Profit Margins

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	Q3 2011 %	Q3 2012 %
Edgars	42.2	41.1
CNA	33.0	32.1
Discount	31.5	32.7
<b>Group</b>	<b>37.2</b>	<b>37.0</b>



# Credit Highlights for 3<sup>rd</sup> Quarter of FY2012

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- ❖ Profit from credit of R86 million, from a profit of R121 million in FY11
- ❖ Moving Annual bad debts to average debtors of 7.1%, down from 11.6% at Q3 FY11
- ❖ After tax earnings of financial services JV up 7.6% to R128 million
- ❖ Active account base of 3.9 million, in comparison with the 3.8 million last year



## Cash Flow for 3<sup>rd</sup> Quarter of FY2012 *(excl. OtC)*

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- ❖ Operating cash inflow before working capital up 1.9% to R1,373 million
- ❖ Decrease in working capital of R1,311 million compared with R669 million decrease last year
- ❖ Cash net interest expense of R535 million compared with R432 million last year
- ❖ Capex was R247 million compared with R167 million last year. Includes:
  - R162 million store fixtures
  - R85 million IT systems infrastructure





**Nine months to  
December  
2011**

# Trading results for year to date FY2012

All data presented below is based on comparable weeks

- ❖ Retail sales up 9.4% to R19.6bn
- ❖ Divisional retail sales growth:

	<b>Total</b>
Edgars	9.7%
CNA	9.0%
Discount	9.1%

- ❖ Group Like for Like sales were up 7.9% on last year
- ❖ Gross Profit margin at 36.9% down from 37.2% last year
- ❖ Profit from credit and financial services up 17.9% to R574 million
- ❖ Adjusted EBITDA up 13.6% to R3,025 million





# Liquidity and Capital Resources

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- ❖ Euro Notes (net of derivatives) of R21.0 billion
- ❖ ZAR notes of R1 billion
- ❖ Notes issued by OtC II R4.3 billion
- ❖ Revolving credit facility – zero utilised. Total facility is R3.1 billion
- ❖ Cash on hand R1,865 million (R2,221 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



# Trading Environment

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- ❖ South Africa economic environment still favourable for retailers
  - GDP growth
  - Low interest and inflation rates
  - Real wage increases
  - Consumer confidence
  - Further roll out of social grants and extensive government capital expenditure programmes
  - A growing middle class – a true emerging market
- ❖ Offset somewhat by unemployment and stubbornly high levels of consumer debt and high increases in electricity and fuel prices



# Roadmap

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## Key priorities

### Strengthen the core

- ❖ Property portfolio, expansion and runway
- ❖ Margin management
- ❖ Merchandise and flow of goods

### Reduce complexity

- ❖ Format management
- ❖ Store process optimisation
- ❖ Merchandising systems upgrade
- ❖ Efficiency & Effectiveness Project



# Outlook

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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
- ❖ Edcon's improved execution and momentum following the benefits from the transitional projects.

