Trading results for the Third quarter ended 31 December 2011

(excluding consolidation of OtC)

Trading Results for the 3rd Quarter FY2012

All data presented below is based on comparable weeks

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

	Total
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

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Trading Results for the 3rd Quarter FY2012 *(cont.)*

- 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

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Gross Profit Margins

	Q3 2011 %	Q3 2012 %
Edgars	42.2	41.1
CNA	33.0	32.1
Discount	31.5	32.7
Group	**37.2**	**37.0**

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Credit Highlights for 3rd Quarter of FY2012

- 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

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Cash Flow for 3rd Quarter of FY2012 *(excl. OtC)*

- 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

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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:

	Total
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

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Liquidity and Capital Resources

- 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

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Trading Environment

- 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

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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

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