



# 2017

 **mr pricegrouplimited**

**Annual Integrated Report**

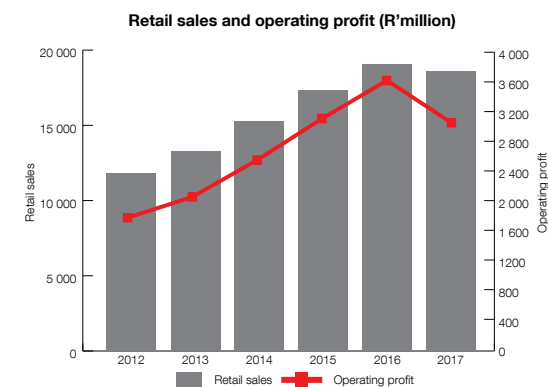
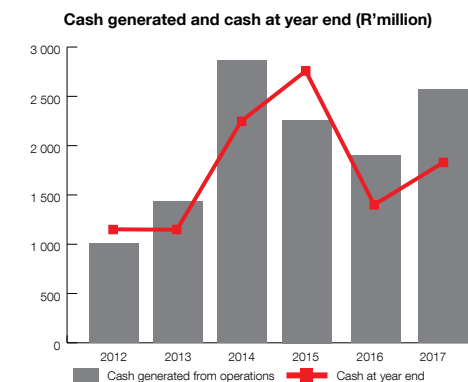
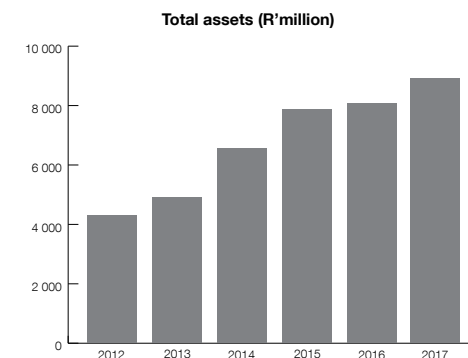
3 April 2016 - 1 April 2017

**6 YEAR REVIEW**

# Abridged statements of financial position, cash flows and income



| R'm  | 31 year<br>compound<br>growth % | 2017    | 2016    | 2015    | 2014    | 2013    | 2012   |
|--|---------------------------------|---------|---------|---------|---------|---------|--------|
| <b>Statement of financial position</b>               |                                 |         |         |         |         |         |        |
| <b>Assets</b>  |                                 |         |         |         |         |         |        |
| Non-current assets                                   |                                 | 2 577   | 2 241   | 1 364   | 1 137   | 927     | 744    |
| Property, plant and equipment                        |                                 | 2 130   | 1 672   | 838     | 718     | 660     | 540    |
| Other  |                                 | 447     | 569     | 526     | 419     | 267     | 204    |
| Current assets                                       |                                 | 6 338   | 5 822   | 6 503   | 5 426   | 3 971   | 3 552  |
| Inventories  |                                 | 2 102   | 2 168   | 1 741   | 1 403   | 1 236   | 1 168  |
| Trade and other receivables                          |                                 | 2 221   | 2 136   | 1 874   | 1 673   | 1 513   | 1 183  |
| Reinsurance assets                                   |                                 | 129     | 99      | 124     | 98      | 72      | 51     |
| Cash   |                                 | 1 823   | 1 419   | 2 764   | 2 252   | 1 150   | 1 150  |
| Taxation   |                                 | 63      | -       | -       | -       | -       | -      |
|  |                                 | 8 915   | 8 063   | 7 867   | 6 563   | 4 898   | 4 296  |
| <b>Equity and liabilities</b>                        |                                 |         |         |         |         |         |        |
| Equity attributable to shareholders                  |                                 | 6 729   | 5 620   | 5 021   | 3 922   | 3 309   | 2 777  |
| Non-current liabilities                              |                                 | 335     | 244     | 213     | 220     | 206     | 195    |
| Current liabilities                                  |                                 | 1 851   | 2 199   | 2 633   | 2 421   | 1 383   | 1 324  |
| Trade and other payables                             |                                 | 1 744   | 2 105   | 2 116   | 1 982   | 1 270   | 1 228  |
| Reinsurance liabilities                              |                                 | 41      | 30      | 46      | 34      | 28      | 18     |
| Other  |                                 | 66      | 64      | 471     | 405     | 85      | 78     |
|  |                                 | 8 915   | 8 063   | 7 867   | 6 563   | 4 898   | 4 296  |
| <b>Statement of cash flows</b>                       |                                 |         |         |         |         |         |        |
| Cash flows from operating activities                 |                                 | 2 574   | 1 906   | 2 264   | 2 862   | 1 431   | 1 008  |
| Cash flows from investing activities                 |                                 | (809)   | (1 153) | (456)   | (381)   | (335)   | (311)  |
| Cash flows from financing activities                 |                                 | (1 338) | (2 123) | (1 276) | (1 377) | (1 101) | (913)  |
| Net increase/(decrease) in cash and cash equivalents |                                 | 427     | (1 370) | 532     | 1 104   | (5)     | (216)  |
| Cash and cash equivalents at beginning of the year   |                                 | 1 419   | 2 764   | 2 252   | 1 150   | 1 150   | 1 369  |
| Exchange (losses)/gains                              |                                 | (62)    | 25      | (20)    | (2)     | 5       | (3)    |
| Cash and cash equivalents at end of the year         |                                 | 1 784   | 1 419   | 2 764   | 2 252   | 1 150   | 1 150  |
| <b>Income statement</b>                              |                                 |         |         |         |         |         |        |
| Retail sales   | 19.2%                           | 18 575  | 19 038  | 17 285  | 15 227  | 13 266  | 11 767 |
| Retail sales and other revenue                       | 19.4%                           | 19 679  | 19 923  | 18 011  | 15 829  | 13 744  | 12 062 |
| Profit from operating activities                     | 22.0%                           | 3 048   | 3 603   | 3 076   | 2 537   | 2 069   | 1 741  |
| Profit attributable to shareholders                  | 25.1%                           | 2 263   | 2 645   | 2 293   | 1 868   | 1 534   | 1 217  |
| Headline earnings attributable to shareholders       | 25.2%                           | 2 331   | 2 674   | 2 299   | 1 888   | 1 554   | 1 222  |



**Notes:**

- 2011 and 2016 were 53 week trading periods.
- The 31 year compound growth rates, reflected above are calculated from the date of acquiring joint control in 1986.

# Stores and productivity measures



| Ratios/indicators   | 31 year compound growth % | 2017      | 2016      | 2015      | 2014    | 2013    | 2012    |
|---|---------------------------|-----------|-----------|-----------|---------|---------|---------|
| <b>Operating statistics</b>   |                           |           |           |           |         |         |         |
| Depreciation as a % of sales <sup>a</sup>   |                           | 1.1       | 1.0       | 1.0       | 1.1     | 1.2     | 1.4     |
| Employment costs as a % of sales <sup>b</sup>   |                           | 10.4      | 10.2      | 10.5      | 11.2    | 11.4    | 11.9    |
| Occupancy costs as a % of sales <sup>c</sup>  |                           | 7.5       | 7.1       | 7.1       | 7.2     | 7.4     | 7.5     |
| Total expenses as a % of sales  |                           | 28.3      | 26.3      | 27.5      | 28.8    | 29.6    | 29.6    |
| <b>Number of stores by segment</b>  |                           |           |           |           |         |         |         |
| Mr Price Apparel  |                           | 470       | 458       | 438       | 404     | 384     | 353     |
| Mr Price Sport  |                           | 92        | 82        | 72        | 61      | 53      | 47      |
| Miladys   |                           | 202       | 198       | 196       | 191     | 189     | 188     |
| Total Apparel stores  |                           | 764       | 738       | 706       | 656     | 626     | 588     |
| Mr Price Home   |                           | 168       | 163       | 166       | 158     | 150     | 140     |
| Sheet Street  |                           | 284       | 280       | 278       | 265     | 253     | 234     |
| Total Home stores   |                           | 452       | 443       | 444       | 423     | 403     | 374     |
| Franchise   |                           | 21        | 19        | 15        | 23      | 26      | 28      |
| Total stores  | 8.1%                      | 1 237     | 1 200     | 1 165     | 1 102   | 1 055   | 990     |
| FT associates <sup>d</sup>  |                           | 17 822    | 17 956    | 17 098    | 18 104  | 19 384  | 17 894  |
| <b>Trading area</b>   |                           |           |           |           |         |         |         |
| - weighted average net m <sup>2</sup>   |                           | 605 979   | 590 714   | 572 869   | 545 032 | 527 326 | 508 390 |
| - closing net m <sup>2</sup>  | 9.8%                      | 616 934   | 594 557   | 583 558   | 554 742 | 535 702 | 515 833 |
| Total sales (R'm)   | 19.2%                     | 18 575    | 19 038    | 17 285    | 15 227  | 13 266  | 11 767  |
| Comparable sales growth %   |                           | (3.6)     | 6.3       | 9.2       | 10.6    | 7.3     | 8.2     |
| Retail selling price inflation %  |                           | 10.7      | 7.0       | 7.7       | 9.7     | 5.1     | 5.0     |
| Cash sales %  |                           | 83.3      | 82.8      | 81.9      | 80.8    | 79.9    | 81.4    |
| Credit sales %  |                           | 16.7      | 17.2      | 18.1      | 19.2    | 20.1    | 18.6    |
| Sales per store (R'm)   |                           | 15        | 16        | 15        | 14      | 13      | 12      |
| Sales per FT associates (Rand)  |                           | 1 042 276 | 1 060 247 | 1 010 928 | 841 102 | 684 383 | 657 582 |
| Sales density excluding sales to Franchises (Rand per weighted average net m <sup>2</sup> ) |                           | 30 654    | 32 043    | 30 000    | 27 752  | 24 979  | 22 979  |

## Notes:

1. 2011 and 2016 were 53 week trading periods.

2. The 31 year compound growth rates, reflected above are calculated from the date of acquiring joint control in 1986.

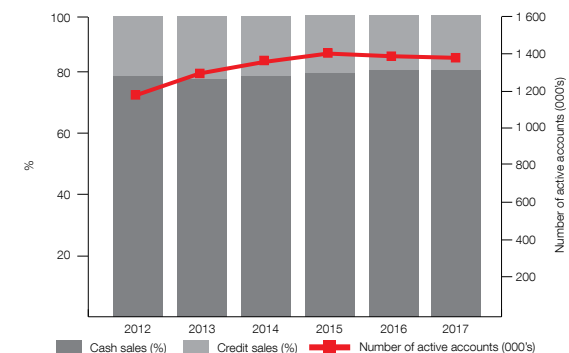
<sup>a</sup> Depreciation on property, plant and equipment only.

<sup>b</sup> Employment costs include salaries, wages & other benefits, share based payments, restraint of trade expenses, defined contribution pension fund expense, defined benefit pension fund net expense and post retirement medical aid benefits.

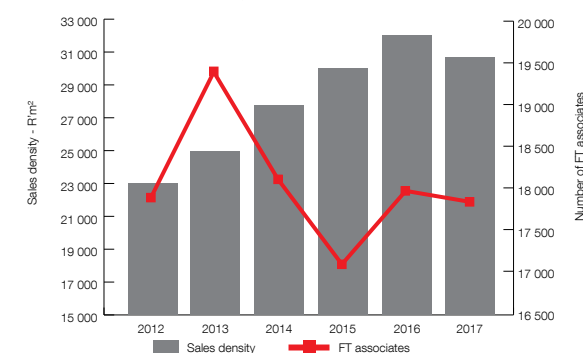
<sup>c</sup> Occupancy costs include land and building lease expenses, including straight line lease adjustments.

<sup>d</sup> FT: Full time. Prior to F2015, the full time equivalent associate numbers were disclosed. In F2015, this changed to disclosing full time associates.

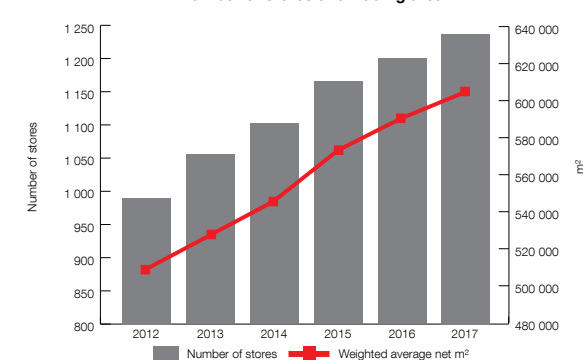
## Cash and credit sales and number of active accounts



## Sales density and number of FT associates



## Number of stores and trading area



# Returns, profitability and share information

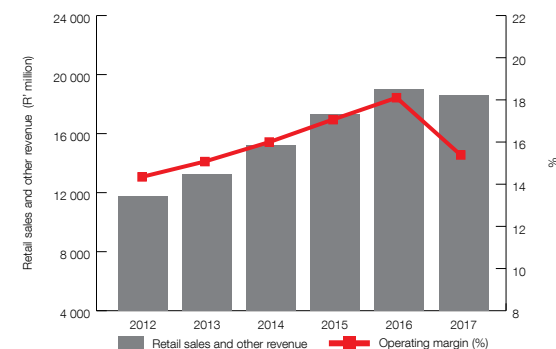


| Ratios/indicators   | 31 year<br>compound<br>growth % | 2017    | 2016    | 2015    | 2014    | 2013    | 2012    |
|---|---------------------------------|---------|---------|---------|---------|---------|---------|
| <b>Productivity ratios</b>  |                                 |         |         |         |         |         |         |
| Net asset turn  |                                 | 2.8     | 3.4     | 3.4     | 3.9     | 4.0     | 4.2     |
| Gross margin (%)  |                                 | 38.8    | 40.6    | 41.1    | 41.5    | 41.6    | 41.8    |
| Operating margin (%)  |                                 | 15.5    | 18.1    | 17.1    | 16.0    | 15.1    | 14.4    |
| EBITDA margin (%)   |                                 | 17.8    | 20.1    | 19.0    | 17.9    | 17.0    | 16.4    |
| <b>Profitability and gearing ratios (%)</b>                         |                                 |         |         |         |         |         |         |
| Return on net worth   |                                 | 33.6    | 47.1    | 45.7    | 47.6    | 46.3    | 43.8    |
| Return on average shareholders equity                               |                                 | 37.8    | 50.3    | 51.4    | 52.2    | 51.1    | 47.3    |
| Return on capital employed  |                                 | 49.3    | 67.6    | 68.7    | 70.2    | 68.0    | 67.2    |
| Return on operating assets  |                                 | 49.3    | 67.6    | 68.7    | 70.2    | 68.0    | 67.2    |
| <b>Solvency and liquidity ratios</b>                                |                                 |         |         |         |         |         |         |
| Current ratio   |                                 | 3.4     | 2.6     | 2.5     | 2.2     | 2.9     | 2.7     |
| Quick ratio   |                                 | 2.3     | 1.7     | 1.8     | 1.7     | 2.0     | 1.8     |
| Inventory turn  |                                 | 5.3     | 5.8     | 6.5     | 6.8     | 6.4     | 6.5     |
| Total liabilities to total shareholders equity                      |                                 | 0.3     | 0.4     | 0.6     | 0.7     | 0.5     | 0.5     |
| <b>Per share performance (cents)</b>                                |                                 |         |         |         |         |         |         |
| Headline earnings   | 21.6%                           | 911.4   | 1 057.8 | 919.7   | 765.1   | 634.8   | 503.0   |
| Diluted headline earnings   | 21.5%                           | 887.9   | 1 012.9 | 865.1   | 715.1   | 584.2   | 464.5   |
| Dividends   | 23.8%                           | 667.0   | 667.0   | 580.0   | 482.0   | 398.0   | 314.0   |
| Operating cash flow   |                                 | 1 006   | 754     | 906     | 1 160   | 584     | 415     |
| Net worth   |                                 | 2 602   | 2 217   | 1 989   | 1 583   | 1 346   | 1 139   |
| Dividend payout ratio   |                                 | 73.2    | 63.1    | 63.1    | 63.0    | 62.7    | 62.4    |
| <b>Stock exchange information</b>                                   |                                 |         |         |         |         |         |         |
| Number of shares in issue net of shares held by staff trusts ('000) |                                 | 258 589 | 253 530 | 252 449 | 247 763 | 245 772 | 243 922 |
| Number of shares on which earnings based ('000)                     |                                 | 255 793 | 252 786 | 249 990 | 246 726 | 244 980 | 242 996 |
| Shares traded ('000)  |                                 | 427 817 | 325 342 | 186 184 | 221 496 | 375 754 | 287 699 |
| Shares traded (%)   |                                 | 167.3   | 128.7   | 74.5    | 89.8    | 153.4   | 118.4   |
| Earnings yield (%)  |                                 | 5.7     | 6.0     | 3.7     | 4.9     | 5.4     | 5.3     |
| Dividend yield (%)  |                                 | 4.2     | 3.8     | 2.3     | 3.1     | 3.4     | 3.3     |
| P:E ratio   |                                 | 17.5    | 16.8    | 27.4    | 20.4    | 18.4    | 18.8    |
| Market capitalisation (R'm)   |                                 | 40 806  | 45 077  | 63 792  | 39 187  | 29 386  | 23 561  |
| Share price (cents)   |                                 |         |         |         |         |         |         |
| - high  |                                 | 23 973  | 28 380  | 26 975  | 16 585  | 14 450  | 9 434   |
| - low   |                                 | 13 000  | 14 126  | 15 301  | 11 353  | 9 575   | 6 190   |
| - closing   | 24.3%                           | 15 990  | 17 769  | 25 196  | 15 601  | 11 699  | 9 434   |
| Foreign shareholding at year end (%)                                |                                 | 43.2    | 52.2    | 54.5    | 50.2    | 45.0    | 36.4    |

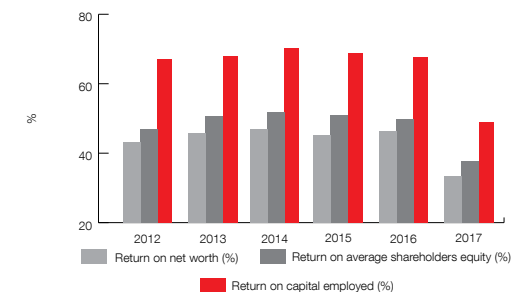
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Retail sales and other revenue and operating margin



Return on net worth, equity and capital



Headline earnings and dividends per share

