FY20 Interim results to 28 September 2019
The South African economy (200 metrics monitored by SARB)

- **Protracted slump**
  - Longest downward business cycle yet: 70 months of decline

**Unsupportive economic drivers**

**Business confidence**
- Q3 2018: 34 index points
- **21** index points (Q3 2019)

**Unemployment rate**
- Q3 2018: 27.5%
- **29.1%** (Q3 2019)

**Exchange rate avg.**
- Q3 2018: R14.08
- **R14.69** (Q3 2019)

Source: South African Reserve Bank
consumers under pressure

- Lower disposable income
- Reduced savings
- Higher debt service costs

Source: SARB, Stats SA

Consumer confidence (Q3 2019)

-7 index points

Q3 2018: 7 index points

Household debt to disposable income (Q2 2019)

72.7%

Q2 2018: 71.6%

Source: BER Consumer Confidence | Stats SA
Group performance

Revenue
+2.6%
R10.8bn

Operating margin
15.8%
(60bps)

EBITDA
+32.2%
R2.5bn
Normalised: (10.0%)

Profit after tax
(10.2%)
R1.1bn
Normalised: (7.8%)

Total diluted HEPS
(9.6%)
435.9c
Normalised: (7.2%)

Dividend per share
Maintained
311.4c

Key ratios

ROE*
36.9%

Dividend Yield*
4.6%

Quick ratio
1.7

Current ratio
2.4

Cash conversion ratio*
2.8

Debt:Equity ratio
0.9

Normalised: excluding impact of transition to IFRS 16 (IAS 17 basis - refer pg 9)

*Annualised | *Cash from operations to profit attributable to shareholders
Performance unpacked

Group performance excluding Mr Price Apparel
- Revenue grew 7.4%
- Retail sales up 6.1%
- Gross margin expanded 20bps
- 5 out of 6 divisions grew operating profit, 3 of which were at double digit levels
- Trading density up 8.9%

Group performance barriers
- Soft macroeconomic & consumer environment
- FX headwinds: ZAR/USD exchange rate depreciated 8.8% (H1 avg. vs PY). Impacting GP% & pricing strategies
- Internal factors impacting Mr Price Apparel

Group momentum change
Retail sales growth per Stats SA

Group market share
- MRPG retail sales growth per trading update 1 Apr to 3 Aug ‘19 of 0.6%. Remainder of H1 up 4.4%
- RLC (~60% of Stats SA Type D retailers)- group, excl Mr Price Sport
  - lost market share in H1
  - gained market share in Sep’19
- Stats SA- group incl Mr Price Sport
  - sales growth lagged market Apr-Jul’19
  - exceeded market in Aug & Sep’19

What we said in May:
- inventory carry from PY
- H1 FY20 is going to be ‘messy’ but should see improvement in H2 - initiatives in Mr Price Apparel

Soft macroeconomic & consumer environment
FX headwinds: ZAR/USD exchange rate depreciated 8.8% (H1 avg. vs PY). Impacting GP% & pricing strategies
Internal factors impacting Mr Price Apparel

Inventory carry from PY
H1 FY20 is going to be ‘messy’ but should see improvement in H2 - initiatives in Mr Price Apparel

Group performance barriers

Internal factors impacting Mr Price Apparel

Soft macroeconomic & consumer environment
FX headwinds: ZAR/USD exchange rate depreciated 8.8% (H1 avg. vs PY). Impacting GP% & pricing strategies

Group performance barriers

Group performance excluding Mr Price Apparel

Group performance barriers

Soft macroeconomic & consumer environment
FX headwinds: ZAR/USD exchange rate depreciated 8.8% (H1 avg. vs PY). Impacting GP% & pricing strategies

Internal factors impacting Mr Price Apparel

Inventory carry from PY
H1 FY20 is going to be ‘messy’ but should see improvement in H2 - initiatives in Mr Price Apparel

Group performance excluding Mr Price Apparel

Revenue grew 7.4%
Retail sales up 6.1%
Gross margin expanded 20bps
5 out of 6 divisions grew operating profit, 3 of which were at double digit levels
Trading density up 8.9%
Performance
Detailed Group & Divisional Results
By Mark Stirton - CFO
Accounting standard changes

2020 Financial Period

**IFRS 16 Leases**
Summary of financial impact

- Leases affected materially by new standard predominantly related to stores
- IFRS 16 requires a lessee to recognise:
  - a right of use asset (ROUA) representing its right to use the underlying asset
  - a lease liability representing its obligation to make lease payments
- Modified retrospective method applied: no restatement of comparatives
- Both methods record the same expense over the full period of the lease
- IFRS 16 results in a higher expense in the earlier years of a lease & a lower expense in the later years compared to IAS 17
- 56% of our leases are in the first two years of their lease, with 76% in the first three years
- Right of use assets of R4 059m & lease liabilities of R4 604m were recognised at take on, with equity decreasing by R232m after derecognition of straight line provision
- Depreciation of R620m & interest on lease liability of R221m were recognised during H1
- Impact in standard change on H1 income statement is a higher charge of R42m before tax & R31m after tax

Key ratios impacted:

**Positive:**
- EBITDA margin
- operating margin
- ROCE/ROE
- operating cash flows

**Negative:**
- debt to equity
- interest cover
- ROA
- current & quick
- NAV per share
### Earnings & dividend per share

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statutory</td>
<td>Normalised</td>
<td></td>
</tr>
<tr>
<td>Profit attributable to shareholders (R’m)</td>
<td>1 148</td>
<td>1 279</td>
<td>(10.2%) (7.8%)</td>
</tr>
<tr>
<td>W. Avg shares in issue (000)(^1)</td>
<td>258 881</td>
<td>258 630</td>
<td></td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>443.6c</td>
<td>494.4c</td>
<td>(10.3%) (7.9%)</td>
</tr>
<tr>
<td>Addbacks (R’m)</td>
<td>(0.9)</td>
<td>(0.1)</td>
<td></td>
</tr>
<tr>
<td>Headline earnings (R’m)</td>
<td>1 147</td>
<td>1 279</td>
<td></td>
</tr>
<tr>
<td>Headline earnings per share</td>
<td>443.2c</td>
<td>494.3c</td>
<td>(10.3%) (7.9%)</td>
</tr>
<tr>
<td>Shares for diluted earnings (000)(^2)</td>
<td>263 224</td>
<td>265 030</td>
<td></td>
</tr>
<tr>
<td>Diluted headline earnings per share</td>
<td>435.9c</td>
<td>482.4c</td>
<td>(9.6%) (7.2%)</td>
</tr>
<tr>
<td>Dividend per share(^3)</td>
<td>311.4c</td>
<td>311.4c</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

- \(^1\)Movement relates to LTI schemes’ shares vesting. Shares previously held by trusts now back in the market
- \(^2\)Lower dilution impact than PY. Increase in w.avg share options outstanding of 7.2% & w.avg share price 24.3% lower
- \(^3\)Interim dividend maintained at 311.4c
### Group Income Statement

<table>
<thead>
<tr>
<th>R'M</th>
<th>2019</th>
<th>2018</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Continuing operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail sales &amp; other income (pg 13)</td>
<td>10 661</td>
<td>10 424</td>
<td>2.3%</td>
</tr>
<tr>
<td>Gross profit (pg 16)¹</td>
<td>4 096</td>
<td>4 278</td>
<td>(4.2%)</td>
</tr>
<tr>
<td>Expenses (pg 17)²</td>
<td>2 823</td>
<td>2 970</td>
<td>(5.0%)</td>
</tr>
<tr>
<td>Profit from operating activities</td>
<td>1 686</td>
<td>1 714</td>
<td>(1.6%)</td>
</tr>
<tr>
<td>Net finance (expense)/income³</td>
<td>(88)</td>
<td>101</td>
<td>(187.5%)</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>1 598</td>
<td>1 814</td>
<td>(11.9%)</td>
</tr>
<tr>
<td>Taxation⁴</td>
<td>452</td>
<td>515</td>
<td>(12.2%)</td>
</tr>
<tr>
<td>Net profit from continuing operations</td>
<td>1 146</td>
<td>1 299</td>
<td>(11.7%)</td>
</tr>
<tr>
<td>Net profit/(loss) from discontinued operations⁵</td>
<td>2</td>
<td>(20)</td>
<td></td>
</tr>
<tr>
<td>Profit attributable to shareholders</td>
<td>1 148</td>
<td>1 279</td>
<td>(10.2%)</td>
</tr>
</tbody>
</table>

- ¹Gross margin gains for all divisions except Mr Price Apparel
- ²IFRS 16 impact: Includes right of use asset depreciation of R620m which is lower than rental expense exclusion
- ³Includes interest on lease liability expense (IFRS 16) of R221m & interest on cash reserves of R135m
- ⁴Effective tax rate 28.3% (PY 28.4%)
- ⁵Relates to discontinued Australian operations
Group sales^ growth drivers

Geography
- RSA: +2.6%
- Non RSA: -2.2%

Tender type
- Cash: +2.8%
- Credit: 0.8%

Channel
- Bricks: +2.0%
- Online: +28.3%
- RSP inflation: +2.2%

Merchandise
- Unit growth: -0.5%

RSA: 92.3% of sales
Cash: 83.6% of sales
Bricks: 98.5% of sales
units: 100m

^Includes Cellular  |  *Cash & Card (debit/credit)  |  *Store card sale
Revenue

<table>
<thead>
<tr>
<th>R’M</th>
<th>2019</th>
<th>2018</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Retail sales</em>¹</td>
<td>9 891</td>
<td>9 725</td>
<td>1.7%</td>
</tr>
<tr>
<td>Total other income</td>
<td>770</td>
<td>698</td>
<td>10.2%</td>
</tr>
<tr>
<td>Financial services &amp; cellular² (pg 22)</td>
<td>743</td>
<td>673</td>
<td>10.3%</td>
</tr>
<tr>
<td>Other</td>
<td>27</td>
<td>25</td>
<td>5.7%</td>
</tr>
<tr>
<td>Total retail sales, interest³ &amp; other income</td>
<td>10 661</td>
<td>10 423</td>
<td>2.3%</td>
</tr>
<tr>
<td>Finance income⁴</td>
<td>135</td>
<td>103</td>
<td>31.8%</td>
</tr>
<tr>
<td>Total revenue</td>
<td>10 796</td>
<td>10 526</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

- ¹Retail sales growth per trading update 1 Apr to 3 Aug ‘19 of 0.6%. Remainder of H1 up 4.4%. Excluding Mr Price Apparel, retail sales grew 6.1% in H1
- ²All divisions grew comp sales excluding Mr Price Apparel
- High cellular growth driven by further roll out of in-store kiosks
- ³Interest on accounts receivable
- ⁴Interest on higher cash balances (refer cash flow pg 20)

*Excludes cellular*
Total % of Group sales

7.9%
FY19: 8.2%

No. of stores

127
Corporate owned stores: 116

Sales growth (ZAR)

(2.2%)
FY19: +11.4%

Non RSA sales

<table>
<thead>
<tr>
<th>Contribution</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Namibia</td>
<td>32.4%</td>
</tr>
<tr>
<td>Botswana</td>
<td>23.5%</td>
</tr>
<tr>
<td>Kenya</td>
<td>10.5%</td>
</tr>
<tr>
<td>Swaziland</td>
<td>8.5%</td>
</tr>
<tr>
<td>Zambia</td>
<td>7.8%</td>
</tr>
<tr>
<td>Ghana</td>
<td>5.2%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>5.0%</td>
</tr>
<tr>
<td>Lesotho</td>
<td>4.4%</td>
</tr>
<tr>
<td>Africa</td>
<td>97.3%</td>
</tr>
<tr>
<td>Australia</td>
<td>0.3%</td>
</tr>
<tr>
<td>Poland</td>
<td>0.2%</td>
</tr>
<tr>
<td>Online</td>
<td>0.1%</td>
</tr>
<tr>
<td>Rest of world</td>
<td>0.6%</td>
</tr>
<tr>
<td>Franchise</td>
<td>2.1%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

Africa

- Treated on a portfolio basis due to materiality
- Facing similar challenges to other SA retailers
- Regional strategy determined by ability to scale
- Non material & under performing regions are under review
- Namibia: impacted by poor economic environment & drought (state of emergency)
- Botswana: economy has bounced back; GDP growth of 4.1% forecast for 2020
- Kenya: acquired 12 stores in May 2018
- Australia: discontinued operations April 2019
- Poland: discontinued operations as of Dec 2019
### Space growth

- 3.9% new space growth, 1.9% net
- 1,338 stores across regions (SA 1,222; Non SA 116)
- 103 leases renewed: base rental reversions achieved & avg. escalation 6.1%. Further focus on achieving favourable deal structure on new leases
- Group trading density up 0.5%. Excluding Mr Price Apparel up 8.9%
- Annual space growth target: closing ~3%; w.avg ~2%
- ROGA*: 146% avg. over the last 5 years
- Store payback period: 12-18 months
- Hunting list: strong store pipeline identified. Minimum target to open 60 stores per year across the group over the next 5 years

*Return on gross assets

### Space movements (m²)

<table>
<thead>
<tr>
<th>Store</th>
<th>Mr Price Apparel</th>
<th>Miladys</th>
<th>Mr Price Sport</th>
<th>Mr Price Home</th>
<th>Sheet Street</th>
</tr>
</thead>
<tbody>
<tr>
<td>w.avg growth</td>
<td>3.9%</td>
<td>0.6%</td>
<td>1.1%</td>
<td>(1.5%)</td>
<td>0.4%</td>
</tr>
<tr>
<td>Net growth</td>
<td></td>
<td></td>
<td></td>
<td>(1.2%)</td>
<td>(1.1%)</td>
</tr>
<tr>
<td>Closures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reductions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expansions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Stores</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Store movements

<table>
<thead>
<tr>
<th>Store</th>
<th>Mr Price Apparel</th>
<th>Miladys</th>
<th>Mr Price Sport</th>
<th>Mr Price Home</th>
<th>Sheet Street</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closures</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Reductions</td>
<td>1</td>
<td>6</td>
<td>2</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Expansions</td>
<td>6</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>New Stores</td>
<td>12</td>
<td>7</td>
<td>3</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

### Total stores movements

<table>
<thead>
<tr>
<th>Store</th>
<th>Closures</th>
<th>Reductions</th>
<th>Expansions</th>
<th>New Stores</th>
<th>Net growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores</td>
<td>12</td>
<td>16</td>
<td>8</td>
<td>27</td>
<td>4.0%</td>
</tr>
</tbody>
</table>
### Gross profit margin

#### Gross profit analysis

<table>
<thead>
<tr>
<th>Merchandise GP</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>42.5%</td>
<td>43.3%</td>
<td>40.8%</td>
</tr>
</tbody>
</table>

- Merchandise GP% decreased 250bps
  - divisions excluding Mr Price Apparel grew gross profit 7.5% & GP% 60bps
  - significant markdowns in Mr Price Apparel impacted performance
  - ZAR/USD exchange rate depreciated 8.8% (H1 avg. vs PY)

<table>
<thead>
<tr>
<th>Cellular GP</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>18.8%</td>
<td>19.1%</td>
<td>17.7%</td>
</tr>
</tbody>
</table>

- Strategic intent to further roll out Cellular kiosks (handsets/accessories). Lower margin than Mobile (MVNO) resulting in GP% dilution. Significant long term opportunity, refer pg 22

<table>
<thead>
<tr>
<th>Total GP</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>42.0%</td>
<td>42.6%</td>
<td>40.0%</td>
</tr>
</tbody>
</table>

- Group GP% decreased 260bps
  - anticipated Mr Price Apparel performance recovery in H2 should enable lower markdowns & increase group GP%
  - value chain evolution provides significant long term opportunity to sustain GP margin
Overhead expenses

Selling expenses* (R’M)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>% Change</th>
<th>Statutory</th>
<th>Normalised</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2 151</td>
<td>2 257</td>
<td>(4.7%)</td>
<td>3.1%</td>
<td></td>
</tr>
</tbody>
</table>

- W.avg space growth of 1.9% (new space growth of 3.9%)
- Rental reversions achieved on renewed leases
- Variable employment costs flexed with lower sales
- Impact of IFRS 16:
  - depreciation up 527.5%
  - basic rent declined 99.9%
- Total selling expenses including lease liability up 4.8%. Normalised up 3.1% (IAS 17 basis)
- Bad debt written off up 6.3%. Refer pg 19
- Rates, water & electricity increased 12.1%. Ongoing investment into sustainable energy sources

Administrative expenses* (R’M)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>% Change</th>
<th>Statutory</th>
<th>Normalised</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>672</td>
<td>713</td>
<td>(5.8%)</td>
<td>(5.6%)</td>
<td></td>
</tr>
</tbody>
</table>

- Group wide savings initiatives undertaken
- Employment expenses down 7.9% due to decrease in incentive provision & share options costs (IFRS 2)
- Excluding incentives, employment expenses decreased 0.8%, with basic salaries up 4.0%
- Depreciation on ROU asset was 28.2% higher than last year’s basic rental
- Normalised expenses decreased 5.6%

*Continuing operations
Significantly improve inventory management
Increase stock turn across the divisions

Opportunities

Growing & healthy cash balance
Refer pg 38 for investment opportunities

1Includes right of use assets of R4 245m
2Markdown units as a percentage of total units are lower than PY. Stock freshness (2 months or less) at healthy levels
3Excludes bank overdraft of R147m
4Includes lease liability of R4 861m. Includes increase of creditors to R2 432m (PY: R1 895m) & tax payable to R419m (PY: R92m) due to timing

<table>
<thead>
<tr>
<th></th>
<th>Sep 2019</th>
<th>Sep 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets(^1)</td>
<td>6 969</td>
<td>2 657</td>
</tr>
<tr>
<td>Current assets</td>
<td>9 472</td>
<td>7 360</td>
</tr>
<tr>
<td>Inventories(^2)</td>
<td>2 669</td>
<td>2 322</td>
</tr>
<tr>
<td>Trade &amp; other receivables</td>
<td>2 222</td>
<td>2 192</td>
</tr>
<tr>
<td>Cash &amp; cash equivalents(^3)</td>
<td>4 310</td>
<td>2 562</td>
</tr>
<tr>
<td>Reinsurance assets</td>
<td>202</td>
<td>246</td>
</tr>
<tr>
<td>Other</td>
<td>69</td>
<td>38</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16 441</strong></td>
<td><strong>10 017</strong></td>
</tr>
</tbody>
</table>

Shareholders equity | 8 487 | 10 667 |
Total liabilities\(^4\) | 7 954 | 2 351 |
Total | **16 441** | **10 017** |

Source: Refinitive Eikon last 12 months

Stock turn

- MRPG — SA Apparel excl MRPG
- Significantly improve inventory management
- Increase stock turn across the divisions

Cash & cash equivalents

- Growing & healthy cash balance
- Refer pg 38 for investment opportunities

Source: Refinitive Eikon last 12 months
## Trade receivables

<table>
<thead>
<tr>
<th></th>
<th>Sep 19</th>
<th>Mar 19</th>
<th>Sep 18</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sep/Mar</td>
<td>Sep/Sep</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail debtors</td>
<td>2 129</td>
<td>2 120</td>
<td>2 116</td>
<td>0.4% 0.6%</td>
</tr>
<tr>
<td>Mobile* &amp; franchise debtors</td>
<td>71</td>
<td>66</td>
<td>81</td>
<td>7.8% (12.2%)</td>
</tr>
<tr>
<td>Total debtors book</td>
<td>2 200</td>
<td>2 186</td>
<td>2 197</td>
<td>0.6% 0.1%</td>
</tr>
<tr>
<td>Retail debtors (97% of total)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NBD: book (excl collection costs)</td>
<td>7.2%</td>
<td>7.3%</td>
<td>6.2%</td>
<td></td>
</tr>
<tr>
<td>Impairment provision</td>
<td>7.2%</td>
<td>8.9%</td>
<td>8.3%</td>
<td></td>
</tr>
</tbody>
</table>

- Stagnant growth in book due to poor credit sales from Mr Price Apparel. Excluding Mr Price Apparel, credit sales grew in line with cash sales
- Roll rates have impaired slightly highlighting the deteriorating credit environment
- Provision in line with NBD to book at 7.2%

*Includes debtors with repayment terms greater than 12 months
### Cash Flow Movements

<table>
<thead>
<tr>
<th>R'M</th>
<th>March 2019</th>
<th>3 150</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from operations</td>
<td>2 394</td>
<td></td>
</tr>
<tr>
<td>Working capital</td>
<td>580</td>
<td></td>
</tr>
<tr>
<td>Net interest received</td>
<td>316</td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>(82)</td>
<td></td>
</tr>
<tr>
<td>PPE &amp; intangibles</td>
<td>(231)</td>
<td></td>
</tr>
<tr>
<td>Long term receivables</td>
<td>(2)</td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>(1 123)</td>
<td></td>
</tr>
<tr>
<td>Treasury shares</td>
<td>(55)</td>
<td></td>
</tr>
<tr>
<td>Repayments of lease liabilities</td>
<td>(779)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>(5)</td>
<td></td>
</tr>
<tr>
<td><strong>September 2019</strong></td>
<td><strong>4 163</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Operating (R3.2bn)
- IFRS 16: rent expense removed. Refer to financing cashflows
- Accounts payable timing due to H1 cut off
- Interest received up 31.8%
- Timing of cash payment vs PY

### Investing (R0.2bn)
- PPE additions: R146m. Intangible additions: R85m
- Long term mobile receivables

### Financing (R2.0bn)
- Final F2019 dividend of 424.8c paid in June
- Long term incentive schemes
- Cash paid for rentals previously included in operating activities
- Exchange losses
**RSOI divisional summary**

**RSOI* Contribution**

- Apparel: 54.8%
- Home: 16.5%
- SheetStreet: 7.0%
- Miladys: 7.1%
- Mr Price Sport: 7.3%
- Mr Price Apparel: 7.3%

**RSOI* Growth**

<table>
<thead>
<tr>
<th>Segment</th>
<th>RSOI</th>
<th>OP profit</th>
<th>OP margin*</th>
</tr>
</thead>
<tbody>
<tr>
<td>FS &amp; Cellular</td>
<td>+10.3%</td>
<td>+20.7%</td>
<td>34.0%</td>
</tr>
<tr>
<td>Mr Price Home</td>
<td>+3.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SheetStreet</td>
<td>+5.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miladys</td>
<td>+8.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Price Sport</td>
<td>+12.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Price Apparel</td>
<td>(1.2%)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Retail sales & other income based on continuing operations
*Excludes interest on lease liability
### Table: MrpMoney

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cellular &amp; mobile</td>
<td>358</td>
<td>296</td>
<td>20.7%</td>
</tr>
<tr>
<td>Financial services</td>
<td>385</td>
<td>377</td>
<td>2.2%</td>
</tr>
<tr>
<td>Total revenue</td>
<td>743</td>
<td>673</td>
<td>10.3%</td>
</tr>
</tbody>
</table>

#### Cellular & mobile:
- 242 stores selling handsets & accessories; further store roll out planned
- 22.9% growth in number of units sold
- Strong accessories (higher margin) attachment rate achieved
- Comp store sales growth >20% attracting increased support from external mobile networks
- Significant opportunity through higher margin on biller product (still in test due to systems development delays) & 24 month repayment facility on handsets
- Gross profit margin & Rands ahead of budget & strong operating profit growth achieved
- Post paid (MVNO) sales slowed as traditional contracts become less relevant. Sim only product contributing positively in meeting customer’s disposable income constraint

#### Financial services:
- **Insurance:**
  - Revenue down 4.8%. Recruiting & retaining accredited (FAIS) staff remains challenging. Mr Price Academy has developed a program to build talent pipeline
  - High % of credit customers take out insurance policies. Lower new credit accounts impacted growth
  - Increased consumer affordability strain impacted higher number of cancelled policies. Despite higher claims, loss ratio remains low & continues to be closely monitored

- **Credit:**
  - Interest revenue & charges up 5.9%. Impacted by lower credit sales & 25bps repo rate cut
  - Mr Price Apparel merchandise performance impacted credit sales. All other divisions reported positive credit growth
Credit performance

- SA consumer credit health has trended below the 50 level for over a year. MRPG will continue to be conservative in this channel.
- Mr Price Apparel performance impacted overall credit sales & new accounts. Turnaround in H2 should stimulate the credit channel.
- New account applications up 0.3% & approvals down 7.9%. High base growth due to affordability regulations falling away (Mar ‘18). Tightened scorecard (Jun ‘18) intentionally slowing approvals.
- Frequency of credit transactions down which offset basket size growth.

Source: Transunion Consumer Credit Index Q2 2019 | *Includes VAT

Credit sales
- R1.7bn
- +0.8%

Avg credit basket*
- R401
- +2.9%

# of credit transactions
- 4.8m
- -2.1%

Active accounts
- 1.4m
- -1.6%

New accounts
- +0.3%
- -7.9%
- 33.1%

Applications
Approvals
Approval rate

H1 F19: +17.3%
H1 F19: +15.5%
H1 F19: +40%
Home segment

<table>
<thead>
<tr>
<th>Mr Price Home</th>
<th>Sheet Street</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2019</strong></td>
<td><strong>2018</strong></td>
</tr>
<tr>
<td>Retail sales¹</td>
<td>R1 758m</td>
</tr>
<tr>
<td>Comparable sales growth</td>
<td>1.8%</td>
</tr>
<tr>
<td>Unit sales</td>
<td>15.0m</td>
</tr>
<tr>
<td>RSP inflation²</td>
<td>7.5%</td>
</tr>
<tr>
<td>Weighted avg. space growth</td>
<td>(1.3%)</td>
</tr>
<tr>
<td>Sales density</td>
<td>R28 771m²</td>
</tr>
</tbody>
</table>

- **Mr Price Home**: consistent growth across Q1 (+3.0%) & Q2 (3.3%) despite a tough base. Inflation driven by assortment mix changes. Trading density growth driven by successful space rationalisation. GP% & operating profit growth achieved.
- **Sheet Street**: good performance despite ongoing constraint in core customer demographic. Inflation driven by product mix changes & deflation in the base. Second highest trading density in the group. GP% gains & operating profit growth achieved.

¹Excludes franchise & VAT ²Includes VAT
## Apparel segment

<table>
<thead>
<tr>
<th></th>
<th>Miladys</th>
<th>Mr Price Sport</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Retail sales¹</td>
<td>R764m</td>
<td>R706m</td>
</tr>
<tr>
<td>Comparable sales growth</td>
<td>3.3%</td>
<td>8.2%</td>
</tr>
<tr>
<td>Unit sales</td>
<td>3.8m</td>
<td>3.5m</td>
</tr>
<tr>
<td>RSP inflation²</td>
<td>0.2%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Weighted avg. space growth</td>
<td>0.6% (1.7%)</td>
<td></td>
</tr>
<tr>
<td>Sales density</td>
<td>R25 140m²</td>
<td>R24 192m²</td>
</tr>
</tbody>
</table>

- **Miladys**: Q2 (+13.1%) sales growth increased significantly from Q1 (+3.8%). Grew market share in 5/6 months per RLC data. Customer segment growth in key race, age & demographic areas. New categories performing well. GP% improved & double digit operating profit achieved
- **Mr Price Sport**: Q1 (+8.7%) sales momentum continued in Q2 (+16.0%). Improved assortment & supplier performance drove comp sales. Non comp products continue to perform well. Online sales grew 34.9%. Improved GP% & double digit operating profit achieved

¹Excludes franchise & VAT ²Includes VAT
## Apparel segment

<table>
<thead>
<tr>
<th></th>
<th>Mr Price Apparel</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td><strong>Retail sales</strong></td>
<td>R5 819m</td>
</tr>
<tr>
<td><strong>Comparable sales growth</strong></td>
<td>(4.3%)</td>
</tr>
<tr>
<td><strong>Unit sales</strong></td>
<td>66.7m</td>
</tr>
<tr>
<td><strong>RSP inflation</strong></td>
<td>(0.9%)</td>
</tr>
<tr>
<td><strong>Weighted avg. space growth</strong></td>
<td>3.9%</td>
</tr>
<tr>
<td><strong>Sales density</strong></td>
<td>R38 137m²</td>
</tr>
</tbody>
</table>

- Sales growth per August trading update down 2.1%. Sales up 1.3% in Aug/Sept. New initiatives advised in May ‘19 positively impacting early summer reads
- Excess stock & muted sales due to imbalanced assortment required markdowns, causing GP margin to contract
- Profit wedge not achieved impacting operating leverage despite tight cost control

---

1 Excludes franchise & VAT  2 Includes VAT
5.8% sales growth in Mr Price Apparel, market* up 3.7%

Market share gains

Confident merchant team
Growth called for Summer FY19

Jun 2018

Poor black Friday
~10% off plan & prior year. Monthly sales declined 3.8%

Nov 2018

December trade
- SA* retail sales +0.7%
- School holidays two weeks shorter
- Avg. employee income growth +7.7% Dec '17 vs +4.1% Dec 18

Dec 2018

Assortment imbalance & high stock levels = significant markdowns impacting GP margin

Higher Markdowns of excess summer stock. Autumn & Winter inventory building. Late onset of Winter

Autumn/Winter FY20 - New MD appointed Apr '19

Q4 FY19

Q3 FY19 trading update
- MRPG retail sales growth slowed to 1.9%
- Excess inventory carried into Jan’19

Jan 2019 - New CEO & CFO appointed

*Market: Stats SA retail sales growth
H1 FY2020 performance: Mr Price Apparel

An extended & thorough review identified several areas of deviation from established processes & disciplines

**Fashion vs Core**
- Higher fashion volume, significant increase in markdowns
- Core volume decreased, acceptable markdown performance
- Replenishment of top core performers was limited due to shallow depth called

**Options**
- Too much width leading to shallow depth for replenishment
- 15% more options than prior Winter
- Increased fashion items with higher risk
- Fragmented assortment
- All-store buys compromised
- Clutter in store negatively impacted clarity of offer, particularly when markdowns are required

**Price architecture**
- Insufficient representation at the opening price points created an opportunity for competitors to show value in tough climate
- Opening price point volume decreased & closing price point volume increased
- Challenging to shout ‘price value’ & compete defensively
Factors below should result in improved category dominance, clarity of offer, value & supplier performance = improved sales & lower markdowns

Clinical attention to detail in setting up the season plan. Post Mortem, Strategy, Trend & Review

The process begins with the numbers & not the product. This informs the sales target for the upcoming season

Number of options, width, depth, price points etc. are determined at sub category level & built bottom up to deliver the budget

Through this process a better balance between creative & analytical planning is achieved & disciplines are entrenched

Reinforced merchant disciplines relating to: thorough pre-season testing, investment in bold calls, adequate depth, adhering to order timelines & aligning with parameters that have achieved historical success

Team structure:
- new MD appointed 1 Apr 2019
- reviewed & updated processes & redesigned org structure (buying & planning)
- reinforced accountability across departments
- personnel review enabling talent optimisation
Mr Price remains the market leader in delivering value through best price & fashion mix.

Mr Price average price remains at a significantly lower level than the rest of the market.

Market share losses in Mr Price Apparel benefited value competitors (including ‘one unders’).

The chart illustrates the market positioning of various fashion brands, with Mr Price as the market leader. The price variance table shows the percentage change in prices compared to the previous year for different brands, with Mr Price experiencing the largest decrease.

Source: Nielsen, Retail Map.
Positioned for **recovery**

**Strong brand appeal**

### Top women’s clothing store

Based on: Brand awareness, user experience & brand presence

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edgars</td>
<td>72.3</td>
</tr>
<tr>
<td>Woolworths</td>
<td>70.6</td>
</tr>
<tr>
<td><strong>Mr Price</strong></td>
<td><strong>66.9</strong></td>
</tr>
<tr>
<td>Truworths</td>
<td>64.7</td>
</tr>
<tr>
<td>Sportscene</td>
<td>57.0</td>
</tr>
<tr>
<td>Foschini</td>
<td>56.8</td>
</tr>
<tr>
<td>Cotton On</td>
<td>53.9</td>
</tr>
<tr>
<td>Ackermans</td>
<td>53.6</td>
</tr>
<tr>
<td>Jet</td>
<td>53.2</td>
</tr>
<tr>
<td>H&amp;M</td>
<td>52.9</td>
</tr>
<tr>
<td>Mr Price</td>
<td>69.7</td>
</tr>
<tr>
<td>Woolworths</td>
<td>67.9</td>
</tr>
<tr>
<td>Edgars</td>
<td>66.2</td>
</tr>
<tr>
<td>Truworths</td>
<td>65.2</td>
</tr>
<tr>
<td>Sportscene</td>
<td>60.8</td>
</tr>
<tr>
<td>Guess</td>
<td>59.1</td>
</tr>
<tr>
<td>Ackermans</td>
<td>57.6</td>
</tr>
<tr>
<td>Foschini</td>
<td>55.7</td>
</tr>
<tr>
<td>Studio 88</td>
<td>54.7</td>
</tr>
<tr>
<td>Old Khaki</td>
<td>54.2</td>
</tr>
</tbody>
</table>

Source: Sunday Times/Sowetan Shopper Survey 2019 | National study
Positioned for recovery
High customer awareness & engaged customer base

Brands that come to mind (spontaneous) when thinking of clothing (%)

- Nike: 49%
- Adidas
- Puma
- Levis

Mr Price: 17%

Woolworths
Guess
Edgars
Ralph Lauren
Truworths

Clothing stores shopped at most often

- Mr Price
- Ackermans
- PEP
- Edgars
- Jet
- Truworths
- Woolworths
- Markhams
- Pick n Pay
- Foschini
- Miladys
- Legit
- H&M

Source: UBS evidence lab 2019
Source: BRC (Broadcast Research Council) 2019
Sourcing

**Strategic objectives**
- Greater control of import process (short term)
- Closer proximity to source (long term)

**Desired outcomes**
- Increase visibility throughout the supply chain
- Improve supplier performance & compliance
- Positively impact GP margin & improve product quality

**Commitment to local**
- Initiating membership with Proudly South African to address poverty, inequality & unemployment
- MRPG aligned with strategic intent of Retail CTFL* Master Plan:
  - reignite manufacturing in SA
  - increase competitiveness, ensure an ethical & environmental value chain & create jobs
- Ongoing dialogue with Minister of Trade, Industry & Competition
- FY19 ~80m units sourced in SA: 35% of total group inputs
- Founding retail member of the SA Cotton Cluster (SACC)
- MRPG procured 1500 tonnes of cotton in FY19. A further R30m has been committed to the development & support of small scale farmers

*CTFL: Clothing, Textile, Footwear & Leather goods

**Greater control of import process**

- In line with strategic intent, locally sourced orders have increased from 38.0% to 45.8% over the last six years
- Mr Price Apparel is the importer on record for 93% of all international orders, giving greater visibility & control of the import process

**Commitment to local**

- Initiating membership with Proudly South African to address poverty, inequality & unemployment
- MRPG aligned with strategic intent of Retail CTFL Master Plan:
  - reignite manufacturing in SA
  - increase competitiveness, ensure an ethical & environmental value chain & create jobs
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*CTFL: Clothing, Textile, Footwear & Leather goods
Risk management controls

- MRPG Code of Conduct – signed annually by associates & suppliers
- Responsible sourcing framework & implementation guide in place for associates & supplier partners
- Members of ETI since 2015 – annual reporting framework against ETI’s principles of implementation
- New Supplier Portal to replace SEDEX:
  - new supplier on-boarding process – mandatory factory social audit required for all production sites. Includes factory visit to assess capacity & capability
  - migration of existing suppliers to new portal requires mandatory social audits
- Third party social audit standards accepted are SMETA, BSCI, SGS, INTERTEK, WRAP & DISNEY
- QIMA third party bulk inspection – verification of production sites. Provision of bulk inspection KPI’s at factory level
- Supplier workshops – held in SA & offshore
- Confidential whistle blower platform available for both associates & suppliers
- Internal Audit: recognised in 2011 as the first function in SA with full Internal Audit Report conformance to all standards
- Head of Internal Audit awarded the “Excellence in Internal Audit Leadership Award” at the Southern Africa Internal Audit Conference 2019
<table>
<thead>
<tr>
<th>Store experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
</tr>
<tr>
<td>Grew 19.7%</td>
</tr>
<tr>
<td>No.1 store</td>
</tr>
<tr>
<td>For every month in H1</td>
</tr>
<tr>
<td>Convenience</td>
</tr>
<tr>
<td>Customers can check the availability of an item in a specific size &amp; colour at a store level through the app &amp; mrp.com</td>
</tr>
<tr>
<td>No need for cash/card</td>
</tr>
</tbody>
</table>
| Transact in a store with the app  
One profile for both online & store |
| Click + Collect  |
| Delivery available to all stores  
Accounts for 65% of all orders |
| Knock-on effect  |
| 17% of customers purchase another item while collecting their online order in their preferred store |
| Traffic          |
| 38% growth in mrp.com visits  
87% growth in app traffic |
Investment opportunities

Frontline
- Investment back into the Mr Price Brand & unique people culture
- Store enhancements & navigation
- Customer experience & blended retail
- Product quality: fabric, fit & sizing
- Existing category expansions & new category development
- Testing lay-by facility

Enablers
- Resourcing & supply chain capabilities
- ERP & planning systems
- Predictive analytics & machine intelligence capabilities

Acquisitions
- International unlikely to be pursued at this point
- Local will be considered if:
  - target has sustainable earnings growth
  - efficiencies can be achieved (supply chain, organisational structures & overheads)
  - further enhancements in digital & online are possible
  - a different target market/segment could be reached
- Share buyback under consideration as part of broader capital allocation review
Proven track record

Strong base for future investments

ROIC

<table>
<thead>
<tr>
<th></th>
<th>FY09</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>MRPG</td>
<td>34%</td>
<td>34%</td>
</tr>
<tr>
<td>TFG</td>
<td>22%</td>
<td>14%</td>
</tr>
<tr>
<td>TRU</td>
<td>40%</td>
<td>20%</td>
</tr>
<tr>
<td>WHL</td>
<td>26%</td>
<td>11%</td>
</tr>
<tr>
<td>PPH</td>
<td>31%</td>
<td></td>
</tr>
</tbody>
</table>

Finance costs as a % of operating profit (FY19)

<table>
<thead>
<tr>
<th></th>
<th>FY09</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>MRPG</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>TRU</td>
<td></td>
<td>21%</td>
</tr>
<tr>
<td>TFG</td>
<td></td>
<td>23%</td>
</tr>
<tr>
<td>WHL</td>
<td></td>
<td>27%</td>
</tr>
<tr>
<td>PPH</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Refinitive Eikon last 12 months | Investec
A consumer recovery is unlikely in the short-medium term. GDP growth & fiscal health requires decisive structural reforms to gain traction.

Global political & trade risks continue to threaten currency stability.

Focus by executive & divisional management on execution of merchandise processes across divisions.

Working capital is being closely managed. Goal to reduce inventory to low single digit growth by FY year end.

Responsible overhead control remains high priority.

Space opportunities identified across divisions. Expect higher store growth vs space growth due to innovative formats. 40 new stores planned for H2.

Black Friday & December trade will determine magnitude of H2 performance recovery.
thank you