01 Backdrop
Retail Environment Overview & Group Performance
by Mark Blair - CEO

02 Performance
Detailed Group Results
by Mark Stirton - CFO

03 Future
COVID-19 Response, Strategy & Outlook
by Mark Blair - CEO
The SA economy grew 0.2% in 2019, the lowest level since 2009. The last two quarters of 2019 declined (technical recession)

Key indicators

Business confidence
18 Index points (Q1 2020)
28 index points (Q1 2019)

CEO confidence
40 index points (Q4 2019)
49 index points (Q4 2018)

Unemployment rate
30.1% (Q1 2020)
27.6% (Q1 2019)

SA CEO’s concerns
State of the economy, load shedding, corruption & SOE’s

Average exchange rate
Q4 FY20: R15.37
Q4 FY19: R14.01
30 Mar FY20: R18.07

Source: SARb, BER Business Confidence, Stats SA, Merchantec Capital
A quick recovery case could see the consumer environment less effected than originally thought. The long recovery case would have a significant impact on all sectors in SA.

Possibility of a deep recession

- Household consumption:
  - Quick: -5.1%
  - Slow: -11.4%
  - Long: -16.8%

- GDP:
  - Quick: -5.4%
  - Slow: -12.1%
  - Long: -16.1%

Potential job loss impact

- Total employment
- Quick recovery
- Slow recovery
- Long recovery

Business confidence fell 13 index points in Q2 2020 to its lowest level on record

Source: National Treasury, Bloomberg, IMF, BER Business Confidence
CONSUMER OVERVIEW

Retail sales growth (Stats SA)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total retail sales</th>
<th>Apparel &amp; Footwear</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>7.2%</td>
<td>5.1%</td>
</tr>
<tr>
<td>2018</td>
<td>4.0%</td>
<td>3.6%</td>
</tr>
<tr>
<td>2019</td>
<td>3.8%</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

2020 forecast: -6.0%
2020 forecast: -18.0%

Household expenditure: real growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Apparel &amp; footwear</th>
<th>Total household spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>-0.3%</td>
<td>1.0%</td>
</tr>
<tr>
<td>2011</td>
<td>+2.6%</td>
<td>0.3%</td>
</tr>
<tr>
<td>2013</td>
<td>5.1%</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>3.8%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>3.6%</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>2.9%</td>
<td></td>
</tr>
</tbody>
</table>

Consumer confidence

Q1 2020
-9 index points

Q1 2019
+2 index points

Q1 2018
+26 index points

Source: Stats SA, SARB, BER Consumer Confidence, RMB Morgan Stanley
### ANNUAL GROUP PERFORMANCE

<table>
<thead>
<tr>
<th>Category</th>
<th>% Change</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>+2.1%</td>
<td>R23.0bn</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>(40bps)</td>
<td>17.4%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>+29.5%</td>
<td>R5.6bn</td>
</tr>
<tr>
<td>Normalised: (7.8%)</td>
<td>R4.0bn</td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>(9.8%)</td>
<td>R2.7bn</td>
</tr>
<tr>
<td>Normalised: (7.7%)</td>
<td>R2.7bn</td>
<td></td>
</tr>
<tr>
<td>Total diluted HEPS</td>
<td>(9.9%)</td>
<td>1 029.4c</td>
</tr>
<tr>
<td>Normalised: (7.8%)</td>
<td>1 053.3c</td>
<td></td>
</tr>
<tr>
<td>Dividend per share</td>
<td>311.4c</td>
<td></td>
</tr>
</tbody>
</table>

*Normalised: excluding impact of transition to IFRS 16 (IAS 17 basis - refer pg 52) | *No final dividend declared to preserve cash due to uncertainty & future potential disruptions
EARNINGS BREAKDOWN

Consensus: 1 022.4c | (10.5%)

Diluted HEPS: 1 029.4c | (9.9%)

Lower dilution impact than PY

Normalised Diluted HEPS: 1 053.3c | (7.8%)

Excluding:
- Impact of transition to IFRS 16: R88m

Adjusted normalised Diluted HEPS: 1 089.3c | (4.6%)

H2 FY20: 641.8c | (2.7%)

Excluding:
- IFRS 16 impact: R88m
- COVID-19 provisions for debtors, stock & insurance: R132m

Note: no adjustment made for last 2 weeks of March

Bloomberg: 1 004.8c
Refinitiv: 1 040.0c
Annual group retail sales growth: +1.5% (Excl. last two weeks Mar’20 +2.7%)

Q3 ANALYSIS
Improved high summer performance in Mr Price Apparel due to internal initiatives. Retail sales growth increased from 1.7% in H1 FY20 to 3.5% in Q3. Sales in Nov/Dec grew 4.6% & GP% was maintained, despite Dec load shedding (Refer pg 10)

Q4 ANALYSIS
More full priced items sold in Jan/Feb, enabling GP% gain. Closed March with single digit stock growth. Initially disrupted by supply chain concerns out of China but materially impacted by demand side impact of national lockdown announcement. Excl last 2 weeks of Q4, group retail sales were up 4.2%

Q4 CHALLENGES
Load shedding:
8 days in Jan’20 & 16 days in Feb’20

Competitor promotions:
Higher proportion of distressed merchandise on promotion (discounts of up to 70%) from Dec’19-Jan’20

COVID-19:
Sales in first two weeks of Mar’20 grew 8.6% & declined 32.5% in the last 2 weeks
H2 PERFORMANCE: MARKET SHARE GAINS

- **December disruption**
  - Dec 2019
  - Business activity in key weeks were materially affected by load shedding & highveld storm disruptions. This partially diluted the impact of the extra week of school holidays. All divisions grew market share.

- **Strong Black Friday**
  - Nov 2019
  - Market share gains in an increasingly key trading month due to Black Friday. Consumer spending habits prior to Christmas have changed.

- **Rugby World Cup**
  - Oct 2019
  - Gained market share despite SA retail sales growth being muted at 0.3%. Mr Price Home was the most impacted division.

- **Clean stock position**
  - Jan 2020
  - Focus on inventory management-stock growth into Jan ’20 within targeted low single-digit range. Lower markdowns & GP% gains. Small market share loss- high competitor promotional activity to clear stock.

- **Consumers spend less**
  - Feb 2020
  - SA retail sales growth slowed to 1.0%. Ongoing load shedding & consumer purchasing power weakened further. GP% gain & market share maintained.

- **Lockdown**
  - Mar 2020
  - First 2 weeks of March prior to lockdown announcement, sales grew 8.6%. Last 2 weeks of March declined 32.5%, materially impacting the whole of H2. Gained market share.
PERFORMANCE
Detailed Group Results
by Mark Stirton - CFO
### GROUP INCOME STATEMENT & GROWTH DRIVERS

#### R’M

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Annual</td>
</tr>
<tr>
<td><strong>Continuing operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail sales &amp; other income</td>
<td>22 773</td>
<td>22 334</td>
<td>2.0%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>9 047</td>
<td>9 243</td>
<td>(2.1%)</td>
</tr>
<tr>
<td>Expenses</td>
<td>5 917</td>
<td>6 086</td>
<td>(2.8%)</td>
</tr>
<tr>
<td>Profit from operating activities</td>
<td>3 966</td>
<td>3 965</td>
<td>0.0%</td>
</tr>
<tr>
<td>Net finance (expense)/income</td>
<td>(200)</td>
<td>220</td>
<td>(190.9%)</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>3 766</td>
<td>4 184</td>
<td>(10.0%)</td>
</tr>
<tr>
<td>Taxation</td>
<td>1 053</td>
<td>1 176</td>
<td>(10.5%)</td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>2 713</td>
<td>3 008</td>
<td>(9.8%)</td>
</tr>
<tr>
<td>Net (loss) from discontinued operations</td>
<td>(9)</td>
<td>(27)</td>
<td></td>
</tr>
<tr>
<td>Profit attributable to shareholders</td>
<td>2 704</td>
<td>2 982</td>
<td>(9.3%)</td>
</tr>
</tbody>
</table>

### Notes:
1. Refer pg 9 for detailed retail sales analysis
2. Gross margin level improved from 40.0% in H1 to 42.3% H2. Excl Mar’20, GP% was maintained in H2 vs PY
3. IFRS 16 impact: Includes right of use asset depreciation of R1 253m which is lower than rental expense exclusion
4. Includes interest on lease liability expense (IFRS 16) of R453m & interest on cash reserves of R253m
5. Relates to discontinued operations in Poland & Australia

*Impacted by COVID-19: sales in March & additional provisions*
<table>
<thead>
<tr>
<th>GEOGRAPHY</th>
<th>TENDER TYPE</th>
<th>CHANNEL</th>
<th>MERCHANDISE</th>
</tr>
</thead>
<tbody>
<tr>
<td>+2.2% RSA</td>
<td>+2.4% *Cash</td>
<td>+1.7% Bricks</td>
<td>+0.2% Unit growth</td>
</tr>
<tr>
<td>-1.3% Non RSA</td>
<td>0.3% #Credit</td>
<td>+17.5% Online</td>
<td>+1.8% RSP Inflation</td>
</tr>
</tbody>
</table>

RSA: 92.5% of sales (PY: 91.9%)

Cash: 84.3% of sales (PY: 84.1%)

Bricks: 98.5% of sales (PY: 98.7%)

Units: 220.8m (PY: 220.3m)

^Includes Cellular | *Cash & Card (debit/credit) | #Store card sale
3.2% new space growth, 2.2% net growth in line with target

71 new stores added. 4.2% store growth. Avg new store size 37% smaller than existing store base.

Sales density remains higher than direct retail competitors (RHS graph)

197 leases renewed in FY20. Further improvement in annual escalation & base rental reversion terms

80% of new stores were micro, small & medium in size. Positioning the store network favourably for post COVID-19

A review of all new store feasibilities undertaken & 4th quartile existing store base regularly assessed

Space will become available due to COVID-19 impact - opportunity to assess existing base, new stores & new formats

Targeting rental renewals in favour of higher variable components

**FY20 numbers**

**Looking ahead-opportunities & managing risk**

*Refer pg 45 for detailed space & store movements*
### Merchandise GP

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>43.7%</td>
<td>43.6%</td>
<td>42.0%</td>
</tr>
</tbody>
</table>

Merchandise GP% improved from 40.7% in H1 to 43.2% in H2. Mainly due to improved assortment in Mr Price Apparel resulting in lower markdowns.

### Cellular GP

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>20.6%</td>
<td>19.1%</td>
<td>18.7%</td>
</tr>
</tbody>
</table>

In store cellular (mainly handsets & accessories) GP% improved by 90bps to 15.6%. Located in 262 stores. Overall Cellular GP% decreased due to in store/MVNO mix.

### Total GP

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>43.3%</td>
<td>42.9%</td>
<td>41.2%</td>
</tr>
</tbody>
</table>

Total GP% decreased 170bps, predominantly in H1. Excl additional COVID-19 stock provision GP% was flat in H2 vs PY.
CONTROLLED EXPENSE MANAGEMENT

Selling expenses* (R’M)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>% Change</th>
<th>Normalised*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory</td>
<td>4 519</td>
<td>4 675</td>
<td>(3.3%)</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

- Adjusted normalised* selling expenses up 3.6%
- W.avg space growth of 2.2% (new space growth of 3.2%)
- Rental reversions achieved on renewed leases
- Employment cost growth contained at 2.6% driven by staffing efficiencies, headcount management & lower variable pay
- Net bad debt expense up 3.0%. Increased debtors impairment provision to account for the impact of COVID-19, offset by debtors’ not aged in Mar’20

Administrative expenses* (R’M)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>% Change</th>
<th>Normalised*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory</td>
<td>1 398</td>
<td>1 410</td>
<td>(0.9%)</td>
<td>(1.1%)</td>
</tr>
</tbody>
</table>

- Head office costs remain tightly controlled
- Employment costs down 0.4%, driven by lower incentive payouts & human capital efficiencies
- Depreciation on ROU asset was 25.6% higher than last year’s basic rental
- Movement in IT project impairment of R50m positively impacted CY

Expenses
- Total: (2.8%)
- Normalised: +3.2%
- Adjusted normalised: +2.4%

*Continuing operations | *Normalised: excluding impact of transition to IFRS 16 (IAS 17 basis - refer pg 52) | *Adjusted normalised: excluding IFRS 16 impact & COVID-19 provisions
AUSTERTY ACTIVITIES

• ~R300m reduction in budgeted expenses for FY21

• Employment costs:
  - Suspended head office salary increases
  - Executive & non-executive directors cut in salaries & fees
  - Head office & store incentive structures under review
  - Group wide hiring freeze
  - Reduction in contractors
  - Labour hours rationalised
  - Accessed government support initiatives mainly in Apr’20

• Further improvement in annual escalation & base rental reversion terms
• ~70% of order book hedged to November 2020 at pre COVID-19 rates
• Hedged ~70% of fuel (diesel) exposure at favourable rates
• Sundry supplier contracts escalations renegotiated
• Process automation projects accelerated to enhance lean structures
• Fit for growth organisational design initiatives underway
## STRONG BALANCE SHEET

<table>
<thead>
<tr>
<th></th>
<th>Mar 2020</th>
<th>Mar 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td>7 110</td>
<td>2 664</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>10 244</td>
<td>8 481</td>
</tr>
<tr>
<td>Inventories</td>
<td>2 719</td>
<td>2 692</td>
</tr>
<tr>
<td>Trade &amp; other receivables</td>
<td>2 268</td>
<td>2 179</td>
</tr>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>4 726</td>
<td>3 275</td>
</tr>
<tr>
<td>Reinsurance assets</td>
<td>182</td>
<td>304</td>
</tr>
<tr>
<td>Other</td>
<td>349</td>
<td>31</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>17 354</td>
<td>11 145</td>
</tr>
<tr>
<td>Shareholders equity</td>
<td>9 428</td>
<td>8 682</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>7 926</td>
<td>2 463</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>17 354</td>
<td>11 145</td>
</tr>
</tbody>
</table>

- **Stock including GIT up 3.7% within single digit target range**
- **Stock impairment provision increased to 9.6% (PY: 6.6%) due to future uncertainty**
- **R615m held in non RSA territories & share trusts**
- **~R500m provisional tax payment made after cut-off date**

1. Includes right of use assets of R4 362m (refer pg 52)
2. Collections impacted by store closures (refer pg 20)
3. Includes lease liability of R5 041m & ~R500m provisional income tax due

NAV per share up 8.5% to 3 636.0c
### CASH FLOW MOVEMENTS

<table>
<thead>
<tr>
<th>R'M</th>
<th>Mar 2019</th>
<th>Mar 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from operations</td>
<td>5 166</td>
<td></td>
</tr>
<tr>
<td>Working capital</td>
<td>465</td>
<td></td>
</tr>
<tr>
<td>Net interest received</td>
<td>640</td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>(610)</td>
<td></td>
</tr>
<tr>
<td>PPE &amp; intangibles</td>
<td>(487)</td>
<td></td>
</tr>
<tr>
<td>Long term receivables</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>(1 944)</td>
<td></td>
</tr>
<tr>
<td>Treasury shares</td>
<td>(118)</td>
<td></td>
</tr>
<tr>
<td>Repayment of lease liabilities</td>
<td>(1 589)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>38</td>
<td></td>
</tr>
</tbody>
</table>

### Key Notes:
- **Operating** cash flows:
  - IFRS 16: rent expense removed. Refer to financing cashflows
  - Accounts payable timing due to cut-off compared to PY
  - Interest received up 14.8%
  - Timing of cash payments vs PY
- **Investing** cash flows:
  - PPE additions: R359m Intangible additions: R156m
  - Long term mobile receivables
  - Final FY2019: 424c paid in Jun; Interim FY2020: 311.4c paid in Dec
  - Long term incentive schemes
- **Financing** cash flows:
  - Cash paid for rentals previously included in operating activities
  - Exchange losses
### TRADE RECEIVABLES

<table>
<thead>
<tr>
<th>R’M</th>
<th>Mar 20</th>
<th>Sep 19</th>
<th>Mar 19</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Mar/Sep</td>
</tr>
<tr>
<td>Total debtors book</td>
<td>2 300</td>
<td>2 200</td>
<td>2 186</td>
<td>4.5%</td>
</tr>
<tr>
<td>NBD: book (excl collection costs)</td>
<td>6.3%</td>
<td>7.6%</td>
<td>7.5%</td>
<td></td>
</tr>
<tr>
<td>Impairment provision</td>
<td>10.4%</td>
<td>7.5%</td>
<td>9.0%</td>
<td></td>
</tr>
</tbody>
</table>

- Excluding last two weeks of Mar’20, H2 (+2.2%) credit sales grew faster than H1 (+0.8%)
- Net bad debt to book lower in H2 - book not aged in Mar’20. Bad debts not incurred in full for that month
- Higher impairment provision to account for:
  - book not aged in Mar & Apr’20 (customers not able to pay in store due to lockdown)
  - increased risk of defaults due to credit consumer distress
  - lower collections
- New accounts temporarily suspended & score cards readjusted. Book health showing mild signs of distresses vs prior year collections
1. Q1’20 CCI showed a deterioration, falling below the break-even level of 50
2. Defaults increased 4.4% in Q1’20, similar pattern to GFC
3. Industry avg of customers in arrears elsewhere significant vs MRPG

Source: TransUnion | Principa- Credit Compass & Bureau Benchmarking
• Positive basket growth. Active account growth but transactions down
• Miladys, Mr Price Sport & Sheet Street all reported credit sales growth, with increases in active customers & avg baskets
• FY21 credit environment will be challenging. Approvals will be tightly controlled. Payment holidays by the market will impact credit scores

*Includes VAT
FUTURE
COVID-19 Response, Strategy & Outlook
By Mark Blair - CEO
PARTNERSHIP AT MR PRICE

From day one, our value system guided our actions. Our engagement during this time will shape our future.

**Assesses**
- Most important stakeholder
- Frequent communication
- Full pay to date. Exec mngt & board took a salary & fees cut of 10%-15% for 6 months

**Suppliers**
- Merchant teams worked closely with suppliers to manage order book
- Avoided unilaterally cancelling orders
- We need our suppliers to survive & grow with us

**Communities**
- Co-funded 10k t-shirts & caps used by front line testers
- Donated to the KZN Growth Initiative & Solidarity Fund
- Divisional ‘Together We Do Good’ campaigns

**Landlords**
- Engaged extensively with retail & landlord CEO’s
- Legal advice - no rent payable during lockdown
- Property Industry Group accepted our Mar-Jun 2020 payment

**Shareholders**
- Issued SENS notice prior to lockdown (26 March)
- Communicated change in results release (4 May)
- Extensive engagement process re equity raise

**Customers**
- Stores equipped with PPE, sanitizer & other protective measures & implemented all legislated protocols
- Safe & comfortable shopping experience
- Maintaining customers’ trust is in the hands of our frontline associates
27 March - 30 April 2020
Lockdown: Level 5

National state of disaster.
All SA stores closed on 27 March. All other regions experienced some form of restriction except for Kenya & Zambia.
Sales totaled R1.9bn in Apr’19.
Sales were down ~90% in Apr’20 (traded 1 & 2 May)

Gained clarity on permitted merchandise at level 4
Prepared safe & secure store/ head office environments
Engaged in discussions with the PI Group, suppliers & all other stakeholders

Worked with distressed credit customers:
- Did not age debtors’ book
- Avoided entire credit base being unable to shop on re-opening & issues with credit bureaus
- Collections materially impacted by store closures

April 2020 sales growth

<table>
<thead>
<tr>
<th>Mr Price Group</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>-89.9%</td>
<td>-88.7%</td>
<td>-94.7%</td>
<td>-90.2%</td>
<td>-92.4%</td>
<td>-90.5%</td>
</tr>
</tbody>
</table>
FY21 SO FAR...

1 - 31 May 2020
Lockdown: Level 4

All stores in South Africa able to trade:
- Clothing restricted to essential winter & childrenswear
- Homewares limited to winter bedding

Strong growth in first two weeks in:
- Mr Price Apparel +48%
- Mr Price Sport +21%

Sales declines in:
- Miladys, more mature, conservative customer
- Homeware divisions, but Sheet Street able to sell a higher % of their range

Pent up demand driven by:
- Being in lockdown for 2 paydays
- Purchase of mainly food in lockdown
- Reduction in debt re-payments
- Savings eg lower transport costs
- Onset of winter

Flat growth in last 2 weeks:
- Mr Price Apparel & Sport continued to achieve growth, but at a lower rate

May 2020 sales growth

<table>
<thead>
<tr>
<th>Category</th>
<th>May 2020 sales growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Price Group</td>
<td>23.4%</td>
</tr>
<tr>
<td>Mr Price Apparel</td>
<td>10.4%</td>
</tr>
<tr>
<td>Miladys</td>
<td>15.4%</td>
</tr>
<tr>
<td>Mr Price Sport</td>
<td>-16.8%</td>
</tr>
<tr>
<td>Mr Price Home</td>
<td>-28.9%</td>
</tr>
<tr>
<td>Sheet Street</td>
<td>-2.3%</td>
</tr>
</tbody>
</table>
FY21 SO FAR...

1 - 20 June 2020
Lockdown: Level 3

**All stores open:**
- All merchandise categories permitted to be sold

**Pent up demand shift:**
- Now able to sell full homewares range
- Good but slower growth in Mr Price Apparel
- Miladys trend continued
- Mr Price Sport impacted by slowdown in seasonal sport

**Combined retail sales growth:**
- 1 May to 20 June +12.0%
- 1 April to 20 June -31.2%

---

**June 2020 sales growth**

<table>
<thead>
<tr>
<th>Category</th>
<th>June 2020 Sales Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Price Group</td>
<td>14.1%</td>
</tr>
<tr>
<td>Mr Price Apparel</td>
<td>7.1%</td>
</tr>
<tr>
<td>Miladys</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Mr Price Sport</td>
<td>-9.6%</td>
</tr>
<tr>
<td>Mr Price Home</td>
<td>38.3%</td>
</tr>
<tr>
<td>Sheet Street</td>
<td>40.3%</td>
</tr>
</tbody>
</table>
KEY TRADING INSIGHTS

• **Strong sales performance:**
  - Significantly de-risked inventory carry
  - Further alleviated supplier pressure as we bought into over performing categories

• **Trends have been disrupted (1 May-20 June):**
  - Transactions down 6.8%, average basket size up 16.7%
  - Consumers shifted to cash (+16.7%) vs credit (-9.4%). Cash contribution 86% vs 82% in PY
  - Debtors collections are lower than LY but improving trend

• **Diversified store footprint an advantage:**
  - Consumers prefer convenient locations
  - Significant growth in micro, small, medium & stand alone kids stores
  - Super regional centres lagged smaller formats but trading hours are 20% lower

• **Constrained consumers are seeking value.** Changes to width/depth & price architecture over the last year has achieved its objectives. Key focus on value going forward

• **Forced shift to e-commerce,** where our capabilities have been an advantage. Previous contribution to sales of ~1.5% significantly increased. Strong online growth of 90.1%
CASHFLOW VOLATILITY

• Plans to release ‘illiquid’ cash well progressed
• Reduced budgeted capex by 23% from R524m to ~R400m (Excludes re-branding & investment in stores which are currently being assessed)
• Suppliers:
  - Merchandise order book management
  - Planning introduction of supply chain finance
• Austerity activities/operating cost reductions (Refer pg 17)
• Increasing short term debt facilities to R1bn from Jul’20
• No final dividend declared - equates to ~R900m on a 63% payout ratio
FUTURE UNCERTAINTY

POTENTIAL RISKS

• Current trade exceeding expectations, but is not expected to continue. Stats SA retail sales growth pre COVID-19 was poor (+3.8% in 2019-lowest growth level in last 5 years)
• SA infection rate on a steep upward trajectory. Virus peak expected Aug/Sep’20
• Temporary store or regional closures & operating disruption
• Elevated unemployment levels
• Pent up demand slows & consumer disposable income deteriorates
• Consumer ‘relief’ will shift to ‘pressure’:
  - Employee access to TERS to end in Jun’20. Possible spike in layoffs
  - Payment holidays will end
  - Additional government grant to end Oct’20
• Trading patterns may shift. Black Friday & festive trade, fewer school holidays for rest of year, lower bonuses & higher concentration around payday
• Uncertainty & volatility placing further demand on budgeting accuracy & supplier orders
OUTLOOK

- Fixed overheads & volatile sales environment will add pressure to operating margin
- Interest rates at 18 year low, inflation at ~4% will soften the blow but not save the day
- Gross margin & inflation under pressure:
  - Distressed competitors liquidating stock
  - Weak ZAR/$ exchange rate

- RSP inflation expected to be lower than ZAR depreciation
  - Fx cover, available factory capacity (lower $ pricing), potential for stock buys
  - Maintaining of key prices points & focus on value
- Planning for double digit reduction in inventory levels by Sep’20
Amidst the gloomy consumer outlook, we have a clear growth plan which we are able to execute from a position of strength.

**HEPS growth**
- 20.0% (34 year CAGR)
- *8.8%* (5 year CAGR)
- *1.3%* (5 year CAGR)

**Total shareholder return**
- 15.3% (10 year CAGR)

**Competitors**
- 10.3% (5 year CAGR)
- 6.1% (5 year CAGR)
- 76.0% (10 year CAGR)

**Return on Equity**
- 35.3% (MRPG)

**Return on Assets**
- 21.5% (MRPG)

**Debt/equity**
- 1.4% (MRPG)

**Current ratio**
- 3.9 (MRPG)
- 2.1 (Competitors)

**Quick ratio**
- 2.7 (MRPG)
- 1.3 (Competitors)

**Inventory turn**
- 5.0 (MRPG)
- 4.1 (Competitors)

**Performance & returns**

**Source:** Refinitive Eikon last 12 months.
**Competitors:** Average of WHL, TFG, TRU*FY2019 for comparable purposes
COMPETITIVE EDGE

**Fashion**
Wanted items at “everyday low prices”

**Value**
Lower markups & higher volumes, price & appropriate quality

**Cash**
Cash driven retailer with cash sales > 80% of total sales

Positioned for growth
No debt, high cash contribution

- Mr Price Group is ungeared & has a low proportion of store credit sales, providing a platform for growth

Low cost model
Continued strong operating leverage (2014 - 2019)

- MRPG operating expense to sales ratio has been flat, rest of the sectors growing overheads

Source: JP Morgan, Bank of America Merrill Lynch FY19

---

**Income statement**
HOW WE COMPARE

5 year sales growth CAGR

- 6.5% [Mr Price Group]
- 14.1% [Competitors]

5 year opex CAGR

- 6.8% [Mr Price Group]
- 19.3% [Competitors]

5 year avg. total expenses as a % of sales

- 28.1% [Mr Price Group]
- 36.1% [Competitors]

Competitors: Average of WHL, TFG, TRU
E-COMMERCE: FIRST IN SOUTH AFRICA

“...best online clothing retailer in SA by far”
Chris Gilmour
Independent Investment Analyst
Times Live 21 June 2020

MRP.com launched 2012
First listed fashion retailer to offer online shopping, delivering anywhere in SA

MRP mobile fashion app launched 2013
First listed omnichannel fashion retailer to offer online shopping through an app

Dual fulfilment 2014
Order routing system built to check all stores inventory before directing to central warehouse

Paperless transactions/digital dockets 2016
Electronic receipts drive bricks customers to online platforms through targeted marketing

MRP App adds Home & Sport 2017
All 3 ‘red cap’ divisions available to browse & purchase in one app

Click + Collect lockers 2012 2018
Offer self-service, hassle-free collection of online orders within a safe store environment

Visual search 2019
First omnichannel fashion retailer to launch. Match any image or photo to Mr Price products

Scan to Pay 2020
Launched contactless, safe, mobile wallet allowing customers to pay within our own app
### Online Growth FY20

<table>
<thead>
<tr>
<th>Category</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Price Apparel</td>
<td>+17.2%</td>
</tr>
<tr>
<td>Mr Price Sport</td>
<td>+32.8%</td>
</tr>
<tr>
<td>Mr Price Home</td>
<td>+16.7%</td>
</tr>
<tr>
<td><strong>Total growth</strong></td>
<td>+17.5%</td>
</tr>
</tbody>
</table>

### Online Basket Size

- Exceeds store basket size on average by 50%

### Omnichannel

- Click + Collect: contributes >65% of all online orders
- 17% of customers purchase another item while collecting in store
- 43% of customers shop both online & instore

### Innovation

- **Features**: Scan to pay, Visual search, Find in store
- **Delivery**:
  - Roll-out of store fulfillment to additional stores, shortening lead times
  - Integration with 3rd party, offering customers additional 2000 pick-up points
- **Customer experience**:
  - Whatsapp for business - improving customer service through ‘always on’ channel
  - Facebook store - customers can browse full range on Facebook

### Magento 2 Re-Platform

- Enables a faster online shopping experience
- Increased capacity to meet growing demand - Miladys & Cellular to launch in July
- ~80% of transactions are performed on mobile devices. Adoption of Progressive Web App:
  - app like experience in traditional browser
  - lower data cost for customer
- Enhanced AI capabilities enable personalised shopping experience

---

**Mr Price Apparel**: No 1 fashion retailer in SA

- 966k followers
- >55 million lifetime video views on Youtube
- >2.2m followers
- 80% of Mr Price shoppers active on this channel
- 49 million visits to divisional websites

- Active Mr Price Apparel app users increased by 88% & new users increased YOY by 85%
- ~80% of all Mr Price Apparel sessions & online orders come through a mobile device
- 59% of Mr Price Apparel shoppers influenced by social media when deciding where to shop
BEST DEPLOYMENT OF HUMAN & FINANCIAL CAPITAL

**PEOPLE**
- Assessed over 100 senior associates to identify those with the highest potential
- Extensive skills internally, supplement externally if required
- Fully committed to homegrown talent & transformation. Management teams:
  - 71% of appointments since Jan’19 were internal
  - 62% of promotions & new recruits were ACI associates
  - 88% of external appointments were ACI associates
- Increased focus on frontline-customer trust is in the hands of our store associate
- Implementing new LTI schemes to aid partnership & retention & remove dilution concerns

**FINANCIAL**
- Focus on fewer but more impactful opportunities
- Removing distractions:
  - Exit Australia, Poland & Nigeria
  - Reviewing franchise operations, respectful of contractual rights
- Focus on RSA:
  - Historically excellent returns, understand market & customers, have clear competitive differentiation
  - Retail sales in SA >R1tn. MRPG ~10% share of ~R230bn apparel & homewares market
- Invest for the long term eg DC built for growth & future e-commerce fulfillment
BEST DEPLOYMENT OF HUMAN & FINANCIAL CAPITAL

PEOPLE + FINANCIAL CAPITAL

WANTED PRODUCTS

- Obsession with our fashion-value positioning:
  - Differentiated product at exceptional value (price & quality)
- Excellent prices require protection against rising input margins. Significant long-term benefit
- Size curves to benefit majority of South Africans
- Appropriate level of quality & improved consistency of fit

FOCUS ON CUSTOMERS

- Omni-channel sales & delivery
- Diversified, high performing store footprint
- Brand health:
  - Re-investment into stores where shopping experience is 'low'
  - Re-branding MRP back to Mr Price-34 years of trust, fashion & value built into it
- Multiple payment options
- Introduced lay-byes in 20 test stores in Mr Price Apparel

EXPERIENCE
Identified several category extensions & new concepts, all within our core skills set. Some of which can be built organically eg Scarlett Hill & Cellular.

Further strengthen supplier relationships
Constructively engage with landlords re rental values & structures
Historically have had good space discipline & have a growth mindset
Will favour landlords that share our vision

Potential strategic acquisitions could accelerate growth
Retain existing, proven management teams where possible

Extensive stakeholder engagement process
Special General Meeting 29 June 2020 (refer pg 51)
Emerged from lockdown with our reputation enhanced & exceptional unity within the team, who fully lived out our values.

POSITIVE MOMENTUM TREND, WELL POSITIONED BUSINESS MODEL & A CLEAR GROWTH PLAN

Cautious about the future, but have agility to respond if conditions improve.

Mark Blair, CEO
04

APPENDIX

Detailed supporting information
## GROUP PERFORMANCE

### Operating margin

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>R22.6bn</td>
<td>17.7%</td>
<td>17.4%</td>
</tr>
<tr>
<td>H1</td>
<td>+5.8%</td>
<td>+6.0%</td>
</tr>
<tr>
<td>H2</td>
<td>+7.8%</td>
<td>+11.1%</td>
</tr>
<tr>
<td>Annual</td>
<td>+4.1%</td>
<td>+2.4%</td>
</tr>
</tbody>
</table>

### Total diluted HEPS

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>R4.3bn</td>
<td>1 142.3c</td>
<td>1 029.4c</td>
</tr>
<tr>
<td>H1</td>
<td>+6.2%</td>
<td>+11.1%</td>
</tr>
<tr>
<td>H2</td>
<td>+50bps</td>
<td>+2.9%</td>
</tr>
</tbody>
</table>

### Revenue

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>R22.6bn</td>
<td>+5.8%</td>
<td>+6.0%</td>
</tr>
<tr>
<td>H1</td>
<td>+7.8%</td>
<td>+11.1%</td>
</tr>
<tr>
<td>H2</td>
<td>+4.1%</td>
<td>+2.4%</td>
</tr>
</tbody>
</table>

### EBITDA

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>R4.3bn</td>
<td>+29.5%</td>
<td>+32.2%</td>
</tr>
<tr>
<td>H1</td>
<td>+26.3%</td>
<td></td>
</tr>
</tbody>
</table>

### Profit after tax

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>R3.0bn</td>
<td>+7.2%</td>
<td>+12.3%</td>
</tr>
<tr>
<td>H1</td>
<td>+11.7%</td>
<td></td>
</tr>
<tr>
<td>H2</td>
<td>+3.7%</td>
<td></td>
</tr>
</tbody>
</table>

### Dividend per share

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>R3.0bn</td>
<td>736.2c</td>
<td>311.4c</td>
</tr>
<tr>
<td>H1</td>
<td>+6.2%</td>
<td>+11.6%</td>
</tr>
<tr>
<td>H2</td>
<td>+2.6%</td>
<td>+0.0%</td>
</tr>
</tbody>
</table>

*No FY20 final dividend declared due to COVID-19 volatility & potential future disruptions*
**EARNINGS & DIVIDEND PER SHARE**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>Statutory % Change</th>
<th>Normalised % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit attributable to shareholders (R’m)</strong></td>
<td>2 704</td>
<td>2 982</td>
<td>(9.3%)</td>
<td>(7.2%)</td>
</tr>
<tr>
<td>W. Avg shares in issue (000)¹</td>
<td>259 419</td>
<td>258 922</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>1 042.4c</td>
<td>1 151.6c</td>
<td>(9.5%)</td>
<td>(7.4%)</td>
</tr>
<tr>
<td>Addbacks (R’m)</td>
<td>12</td>
<td>44</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Headline earnings (R’m)</td>
<td>2 716</td>
<td>3 026</td>
<td>(10.4%)</td>
<td>(8.3%)</td>
</tr>
<tr>
<td>Headline earnings per share</td>
<td>1 047.0c</td>
<td>1 168.6c</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares for diluted earnings (000)²</td>
<td>263 866</td>
<td>264 883</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diluted headline earnings per share³</td>
<td>1 029.4c</td>
<td>1 142.3c</td>
<td>(9.9%)</td>
<td>(7.8%)</td>
</tr>
<tr>
<td>Dividend per share⁴</td>
<td>311.4c</td>
<td>736.2c</td>
<td>(57.7%)</td>
<td></td>
</tr>
</tbody>
</table>

- ¹Movement relates to LTI schemes’ shares vesting. Shares previously held by trusts now back in the market
- ²Lower dilution impact than PY. Decrease in w.avg share options outstanding of 25.4% due to w.avg share price 24.2% lower
- ³Materially impacted by COVID-19 & additional provision taken for debtors book, stock & IBNR
- ⁴Final dividend withheld to preserve cash due to uncertainty & future potential disruptions
<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>R’M</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Retail sales</em>¹</td>
<td>21,165</td>
<td>20,850</td>
<td>1.5% 1.3%</td>
</tr>
<tr>
<td>Total other income</td>
<td>1,608</td>
<td>1,484</td>
<td>8.3% 6.7%</td>
</tr>
<tr>
<td>Financial services &amp; cellular (pg 49)²</td>
<td>1,554</td>
<td>1,438</td>
<td>8.1% 6.2%</td>
</tr>
<tr>
<td>Other</td>
<td>54</td>
<td>46</td>
<td>16.4% 22.7%</td>
</tr>
<tr>
<td>Total retail sales, interest³ &amp; other income</td>
<td>22,773</td>
<td>22,334</td>
<td>2.0% 1.7%</td>
</tr>
<tr>
<td>Finance income⁴</td>
<td>257</td>
<td>224</td>
<td>14.5% 0.5%</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>23,030</td>
<td>22,558</td>
<td>2.1% 1.7%</td>
</tr>
</tbody>
</table>

- ¹Refer pg 9 for detailed retail sales analysis
- ²Excl last two weeks of Mar ‘20, all divisions grew unit sales in H2. Group unit sales up 2.5% in this period
- ³Cellular growth slowed in H2 due to FY19 store roll-out in H2 base
- ⁴Interest income on accounts receivable impacted by repo rate cuts of 150bps & lower H1 credit sales
- ⁵Lower bank interest income growth in H2 due to H1 performance, FY20 interim dividend maintained & repo rate cuts

*Excludes cellular
## SPACE GROWTH

### SPACE MOVEMENTS (m²)

<table>
<thead>
<tr>
<th>Category</th>
<th>Reductions</th>
<th>Expansions</th>
<th>New Stores</th>
<th>Closures</th>
<th>Net growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Price Apparel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.9%</td>
</tr>
<tr>
<td>Miladys</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.5%</td>
</tr>
<tr>
<td>Mr Price Sport</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.5%</td>
</tr>
<tr>
<td>Mr Price Home</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(1.2%)</td>
</tr>
<tr>
<td>Sheet Street</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.6%</td>
</tr>
</tbody>
</table>

### Total space growth

<table>
<thead>
<tr>
<th>Type</th>
<th>Closing</th>
<th>Net growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>w.avg</td>
<td>(0.6%)</td>
<td>(0.4%)</td>
</tr>
<tr>
<td>closing</td>
<td>(0.9%)</td>
<td>(0.7%)</td>
</tr>
</tbody>
</table>

### Net growth

- Closures
- Reductions
- Expansions
- New Stores

### STORE MOVEMENTS

<table>
<thead>
<tr>
<th>Category</th>
<th>Closures</th>
<th>Reductions</th>
<th>Expansions</th>
<th>New Stores</th>
<th>Total store movements</th>
<th>Net growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Price Apparel</td>
<td>3</td>
<td>4</td>
<td>14</td>
<td>23</td>
<td>71</td>
<td>4.2%</td>
</tr>
<tr>
<td>Miladys</td>
<td>3</td>
<td>9</td>
<td>1</td>
<td>21</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Mr Price Sport</td>
<td>5</td>
<td>12</td>
<td></td>
<td></td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Mr Price Home</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>5</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Sheet Street</td>
<td>3</td>
<td>5</td>
<td>10</td>
<td></td>
<td>18</td>
<td></td>
</tr>
</tbody>
</table>

### Total store movements

<table>
<thead>
<tr>
<th>Type</th>
<th>Closures</th>
<th>Reductions</th>
<th>Expansions</th>
<th>New Stores</th>
<th>Total movements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores</td>
<td>16</td>
<td>28</td>
<td>16</td>
<td>71</td>
<td>115</td>
</tr>
</tbody>
</table>
SEGMENT PERFORMANCE

*RSOI Contribution

Apparel
- Mr Price Apparel: (0.3%) +8.7%
- Mr Price Sport: +6.3%

Home
- Mr Price Home: +1.9%
- Sheet Street: +3.5%

FS & Cellular
- Mr Price Money: +8.1%

RSOI Growth

<table>
<thead>
<tr>
<th>Segment</th>
<th>H1</th>
<th>H2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RSOI</td>
<td>+1.0%</td>
<td>+1.5%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>(13.6%)</td>
<td>+2.5%</td>
</tr>
<tr>
<td>Operating margin</td>
<td>14.6%</td>
<td>17.0%</td>
</tr>
<tr>
<td>Home</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RSOI</td>
<td>+4.1%</td>
<td>+0.9%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>+17.8%</td>
<td>+5.9%</td>
</tr>
<tr>
<td>Operating margin</td>
<td>16.7%</td>
<td>18.5%</td>
</tr>
<tr>
<td>FS &amp; Cellular</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RSOI</td>
<td>+10.3%</td>
<td>+6.2%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>+20.7%</td>
<td>(9.4%)</td>
</tr>
<tr>
<td>Operating margin</td>
<td>34.0%</td>
<td>28.5%</td>
</tr>
</tbody>
</table>

*Retail sales & other income
## APPAREL SEGMENT

<table>
<thead>
<tr>
<th></th>
<th>Mr Price Apparel</th>
<th>Miladys</th>
<th>Mr Price Sport</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2020</strong></td>
<td><strong>2019</strong></td>
<td><strong>% Change</strong></td>
<td><strong>2020</strong></td>
</tr>
<tr>
<td>Retail sales&lt;sup&gt;1&lt;/sup&gt;</td>
<td>R12 499m</td>
<td>(0.2%)</td>
<td>R1 550m</td>
</tr>
<tr>
<td>Comparable sales growth</td>
<td>(3.3%)</td>
<td>0.1%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Unit sales</td>
<td>148m</td>
<td>0.6%</td>
<td>7.6m</td>
</tr>
<tr>
<td>RSP inflation&lt;sup&gt;2&lt;/sup&gt;</td>
<td>(0.8%)</td>
<td>5.1%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Weighted avg. space growth</td>
<td>3.9%</td>
<td>3.4%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Sales density</td>
<td>R37 550m&lt;sup&gt;2&lt;/sup&gt;</td>
<td>(3.9%)</td>
<td>R25 351m&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

- **Mr Price Apparel:** H2 (+0.6%) sales growth higher than H1 (-1.2%). Excl last two weeks of Mar’20, H2 sales grew +2.9% & annual sales +0.9%. Internal initiatives delivered an improved merchandise assortment. Q4 materially affected by Jan/Feb rolling blackouts & COVID-19. Improved inventory enabled lower markdowns in H2. GP margin % increased in H2 excl Mar’20.
- **Miladys:** H2 (+4.2%) sales growth lower than H1 (+8.1%). Excl last 2 weeks of Mar ’20, H2 & annual sales grew +8.1%. Jan/Feb combined grew 9.2% with GP margin % gains, highlighting the material impact of the last two weeks of March on H2. Gained market share in 10 months & gained GP margin up until Mar’20.
- **Mr Price Sport:** Strong performance against a firm base (+9.7%). H2 sales (+5.9%) lower than H1 (+12.2%) but excl last two weeks of Mar’20 saw H2 up +9.0%. Strong sales density growth off increased footprint. Annual double digit operating profit achieved.

<sup>1</sup>Excludes franchise & VAT  <sup>2</sup>Includes VAT  <sup>3</sup>Market per RLC
**Mr Price Home:** Up against a solid base of 7.2% in a tough environment for discretionary categories. H2 sales growth flat on last year (H1 +3.2%). H1 (+7.6%) inflation was significantly higher than H2 (+1.4%), resulting in improved unit growth. This is early evidence of the strategic brand repositioning working. H2 sales significantly impacted by Rugby World Cup & COVID-19. Excl Oct ‘19 & last two weeks of Mar’20, sales grew 3.4%.

**Sheet Street:** Positive H1 (+5.0%) performance. Sales growth slowed in H2 (+2.3%). Excl last two weeks of Mar’20, H2 growth of 3.6% was achieved. High H1 (+11.0%) inflation but significantly lower in H2 (+2.4%), resulting in improved unit growth. Gained more market share in H2 despite lower growth level, highlighting the consumer constraint in the homeware sector. Annual gross profit margin % gains achieved.

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<table>
<thead>
<tr>
<th></th>
<th>Mr Price Home</th>
<th></th>
<th>Sheet Street</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
<td>% Change</td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Retail sales</td>
<td>R3 739m</td>
<td>R3 684m</td>
<td>1.5%</td>
<td>R1 666m</td>
<td>R1 610m</td>
</tr>
<tr>
<td>Comparable sales growth</td>
<td>0.3%</td>
<td>4.5%</td>
<td></td>
<td>1.7%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Unit sales</td>
<td>33.1m</td>
<td>34.0m</td>
<td>(2.7%)</td>
<td>17.7m</td>
<td>18.1m</td>
</tr>
<tr>
<td>RSP inflation</td>
<td>4.2%</td>
<td>6.6%</td>
<td></td>
<td>6.2%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Weighted average space growth</td>
<td>(1.1%)</td>
<td>(1.9%)</td>
<td></td>
<td>0.6%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Trading density</td>
<td>R28 908m²</td>
<td>R28 196m²</td>
<td>2.5%</td>
<td>R32 007m²</td>
<td>R31 120m²</td>
</tr>
</tbody>
</table>

---

1 Excludes franchise & VAT  
2 Includes VAT  
3 Market share data per RLC
Mr Price Money

<table>
<thead>
<tr>
<th>R’M</th>
<th>2020</th>
<th>2019</th>
<th>% Change</th>
<th>Annual</th>
<th>H2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cellular &amp; mobile</td>
<td>780</td>
<td>677</td>
<td>15.1%</td>
<td>9.1%</td>
<td></td>
</tr>
<tr>
<td>Financial services</td>
<td>774</td>
<td>760</td>
<td>1.8%</td>
<td>1.7%</td>
<td></td>
</tr>
<tr>
<td>Total revenue</td>
<td>1 554</td>
<td>1 438</td>
<td>8.1%</td>
<td>5.4%</td>
<td></td>
</tr>
</tbody>
</table>

Cellular & mobile

- Growth driven by instore (handsets & accessories). 46 new stores, totalling 262 across the Group
- Majority of new stores rolled out in H1. Higher number of stores becoming comparable in H2, slowing top line growth rate
- Mr Price Cellular gained market share in Q4 & annually according to GFK data
- Double digit comp growth continues to attract support from mobile networks. Strong double digit operating profit growth

Mobile

- Strategic move away from postpaid to sim-only beginning to bear fruit. Improved H2 performance which should continue into FY21 with focus on higher GP margin products

Financial services

- Insurance - Revenue down 4.7%. Sales agent headcount challenges continued in H2
  - Economic environment: retrenchments up, higher policy cancellations due to affordability, claims ratio below industry

- Credit - Interest & Fees revenue grew 5.6%
  - Significantly impacted by repo rate cuts (150bps) & lower H1 credit sales
NON RSA SALES

**TOTAL % OF GROUP SALES**

7.8% FY19: 8.1%

**NO. OF STORES**

133 Corporate owned stores: 124

**SALES GROWTH (ZAR)**

(2.2%) FY19: +12.1%

*Discontinued operations*

---

### Contribution Growth

<table>
<thead>
<tr>
<th>Country</th>
<th>Contribution</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Namibia</td>
<td>33.0%</td>
<td>(3.6%)</td>
</tr>
<tr>
<td>Botswana</td>
<td>24.3%</td>
<td>+8.0%</td>
</tr>
<tr>
<td>Kenya</td>
<td>10.1%</td>
<td>+13.8%</td>
</tr>
<tr>
<td>Swaziland</td>
<td>8.6%</td>
<td>+0.0%</td>
</tr>
<tr>
<td>Zambia</td>
<td>7.3%</td>
<td>(9.9%)</td>
</tr>
<tr>
<td>Ghana</td>
<td>5.3%</td>
<td>+7.2%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>4.0%</td>
<td>(26.6%)</td>
</tr>
<tr>
<td>Lesotho</td>
<td>4.8%</td>
<td>+4.4%</td>
</tr>
<tr>
<td>Africa</td>
<td>97.5%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Australia*</td>
<td>0.2%</td>
<td></td>
</tr>
<tr>
<td>Poland*</td>
<td>0.2%</td>
<td></td>
</tr>
<tr>
<td>Online</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>Rest of world</td>
<td>0.4%</td>
<td>(78.8%)</td>
</tr>
<tr>
<td>Franchise</td>
<td>2.2%</td>
<td>(31.4%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>(2.2%)</strong></td>
</tr>
</tbody>
</table>
Millions of South Africans have grown up with us. We are woven into their stories, their memories, their lives.

We’re going back to our roots, the foundations on which our brand was built.

We are ordinary people doing extraordinary things every day. We’ve built this brand together.

It’s the promise of passion, added value and partnership that’s at the heart of our business!

Mr Price, a brand like no other. The real ‘people’s value champion.’

We are proudly putting the ‘price’ back into Mr Price.
Historical debt free balance sheet strength enables our position to consider growth & not just survival

- Aimed to be first to market in a likely limited & decreasing pool of funds & have flexibility
- Historical debt free balance sheet strength enables our position to consider growth & not just survival
- Current cash position provides support for existing business operations and for future potential disruptions. Cash burn in April highlights volatility & requirement of reserves should this re-occur
- Considered funding alternatives. Most volatile macro environment in group’s history. Not prudent to take on significant debt now. Equity may not be as expensive as perceived, based on deteriorating earnings across sectors
- To be utilised for organic growth opportunities & acquisitions
- No intention to sit on cash. Opportunities currently being assessed & will emerge out of a market distress
- Acquisition target criteria:
  - within South Africa with a strong existing management team, do not want a ‘fix up’
  - no large, single acquisition. Likely to be several smaller opportunities with significant growth prospects
  - earnings accretive in short term
  - remain within the range of our existing capabilities

- Balance sheet prudently managed historically. Declining target valuations create opportunities to pursue deals that create long-term value
- Deals done in weak economies are supported by lower valuations & the acquirer can focus on integrating the target during the downturn-and then fully benefit from synergies in the recovery
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
- ~46% of our leases are in the first two years of their lease, with ~50% 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 R1 253m & interest on lease liability of R453m were recognised in FY20
- Impact in standard change on FY20 income statement is a higher charge of R88m before tax & R63m after tax

ACCOUNTING STANDARD CHANGES

Key ratios impacted

Positive:
- EBITDA margin
- operating margin
- operating cash flows

Negative:
- debt to equity
- interest cover
- ROA/ROCE/ROE
- current & quick
- NAV per share
THANK YOU