mr price group limited

UNAUDITED GROUP RESULTS AND INTERIM CASH DIVIDEND DECLARATION - 26 WEEKS ENDED 30 SEPTEMBER 2017

This short-form announcement is the responsibility of the Mr Price Group Limited board of directors and is a summary of the information in the detailed results announcement released on SENS on 20 November 2017 and the presentation to the Investment Analysts Society. These documents are available on the group's website at www.mrpricegroup.com and copies may be requested from the company secretary (jcheadle@mrpg.com or +27 31 310 8000) at the company's registered office. Any investment decision in relation to the company's shares should be based on the full announcement.

Highlights

Operating Profit	Operating Margin	Basic Eps
+22.0%	+200bps	+21.9%
to R1.5bn	to 15.7%	to 440.9c

Heps	Diluted Heps	Dividend per share
+22.2%	+23.6%	+22.3%
to 442.9c	to 434.1c	to 279.0c

Interim Cash Dividend Declaration

The interim dividend of 279.00 cents per share (223.20c net of dividend withholding tax of 20% for shareholders who are not exempt), is based on a payout ratio of 63%, which is in line with the comparable period. The dividend has been declared from income reserves. The salient dates for the dividend are as follows:

Last date to trade 'cum' dividend	Tuesday	5 December 2017
Date trading commences 'ex' dividend	Wednesday	6 December 2017
Record date	Friday	8 December 2017
Payment date	Monday	11 December 2017

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 6 December 2017 and Friday, 8 December 2017, both dates inclusive.

Commentary

Total revenue rose 6.7% to R9.8bn as total retail sales of R9.1bn increased 6.4% and finance and other income increased by 11.2% to R643.3m. Sales in comparable stores were up 4.6%. Cash sales grew 7.2% and constitute 82.4% of total sales while credit sales were 5.1% higher. Retail selling price inflation was 2.6% and 97m units were sold, an increase of 4.2%. Weighted average trading space growth was in line with last year at 2.3%. The number of stores opened during the trading period increased by 29 to 1 240.

Total input cost growth was limited to 3.9%, with the improvement in gross profit margin of 280 basis points to 42.0% providing leverage to drive operating profit growth of 22.0% to R1.5bn. The operating margin increased by 200 basis points to 15.7% of retail sales and other income (RSOI).

Earnings growth was driven by MRP Apparel, Miladys and MRP Money. Earnings in the Home chains and MRP Sport declined. These chains' retail merchandise is more discretionary in nature and hence the results are reflective of weak consumer confidence and a low growth economy. Product execution and value proposition have remained strong, but they were up against a strong performance in the comparable period, when double digit increases in operating profits were achieved.

The Apparel chains' RSOI increased by 9.0% to R6.9bn. Operating profit increased by 42.5% (PY decrease of 26.7%) to R1.1bn and the operating margin improved from 12.3% to 16.1%. Sales in MRP Apparel grew 10.2% (comparable 7.8%) to R5.6bn. In South Africa, store and online sales were up 10.5% and 29.7%, respectively. Non South African sales were up 6.2%. The division has the highest number of Facebook fans and Instagram followers in the SA fashion retail sector, while YouTube views have more than doubled. With regard to the impact of foreign retailers, our numbers show that our sales growth is generally better in locations where we compete with them.

Miladys sales increased by 11.9% (comparable 11.8%) to R651.8m and despite the positive overall performance, there are still merchandise opportunities to capitalise on. MRP Sport grew sales by 1.5% (comparable -4.6%) to R644.0m.

The Home chains' RSOI decreased by 0.6% to R2.3bn. Operating profit decreased by 16.2% to R304.7m and the operating margin decreased from 15.9% to 13.4%. Sales in MRP Home were down 2.0% (comparable -3.4%) to R1.6bn, but would have been flat had it not been for the temporary closure of a flagship store due to storm damage. Sheet Street grew sales by 2.1% (comparable 1.1%) to R694.7m.

MRP Money recorded an increase in interest and credit related charges of 6.6% and insurance products of 15.2%. Cellular revenue was 5.0% lower due to product mix changes which delivered higher profitability.

The balance sheet remains strong, with cash generated from operations increasing by 15.9% to R1.3bn and cash resources of R1.6bn. Inventories are 2.6% higher and are in better shape than last year. The debtors book remains well controlled, with a retail net bad debt to book ratio of 5.9% and an impairment provision of 7.3%.

The company successfully transitioned to its new distribution facility in Hammarsdale on time and within budget and focus will now be aimed at realising the longer term financial benefits therefrom.

The company is very concerned about the potential impact relating to sovereign ratings reviews and political outcomes. However the positive early signs of summer trading are encouraging, with October sales increasing by 8.3% and further momentum being gained going into November.

mrp · mrpsport · MILADYS · mrphome · sheet street · mrpmoney

Mr Price Group Limited	Registration Number: 1933/004418/06 · Incorporated in the Republic of South Africa · ISIN: ZAE000200457 · JSE Code: MRP
Directors	SB Cohen* (Honorary chairman), NG Payne* (Chairman), SI Bird (CEO), MM Blair (CFO), MJ Bowman*, K Getz*, MR Johnston*, RM Motanyane-Welch*, D Naidoo*, MJD Ruck*, N Abrams^, SA Ellis^, * Non-executive director, ^ Alternate director
Sponsor	Rand Merchant Bank (a division of FirstRand Bank Limited)
Transfer Secretaries	Computershare Investor Services (Pty) Ltd