



GROUP OVERVIEW

8TH ANNUAL MERRILL LYNCH EMERGING MARKET EQUITY
CONFERENCE – SOUTH AFRICA : MARCH 2007

ONE-ON-ONE PRESENTATIONS



always
delivering

Agenda

1. **Group Overview**
2. **Lewis Core Competencies**
3. **Highlights of the Current Year – 31st March 2007**
4. **Debtors Book**
5. **National Credit Act**
6. **Growth Strategy**

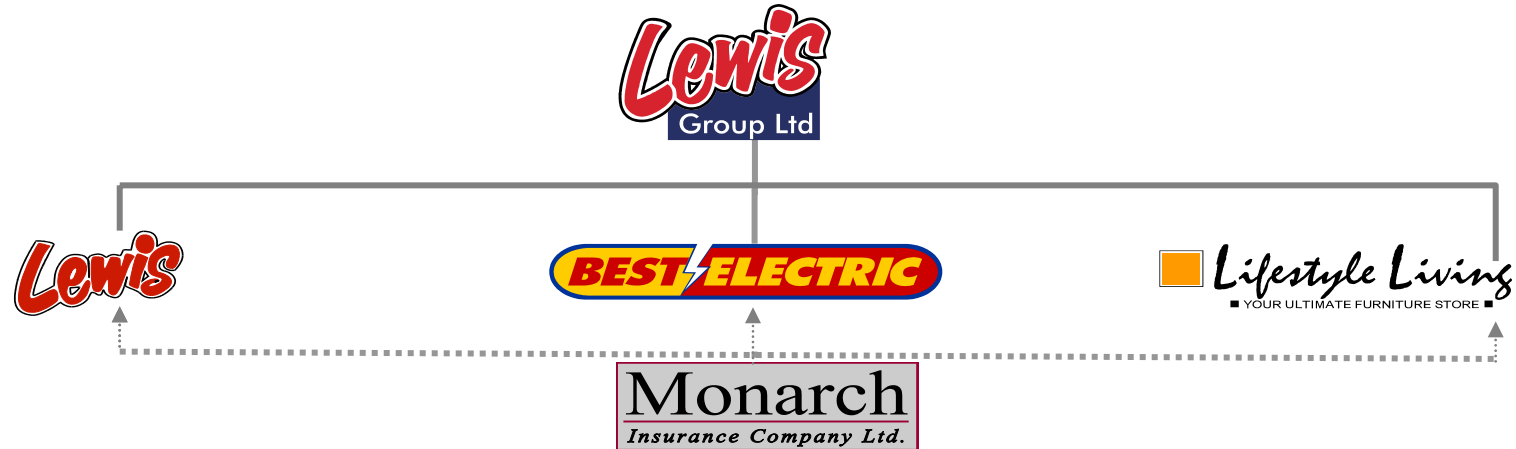


1. Group Overview

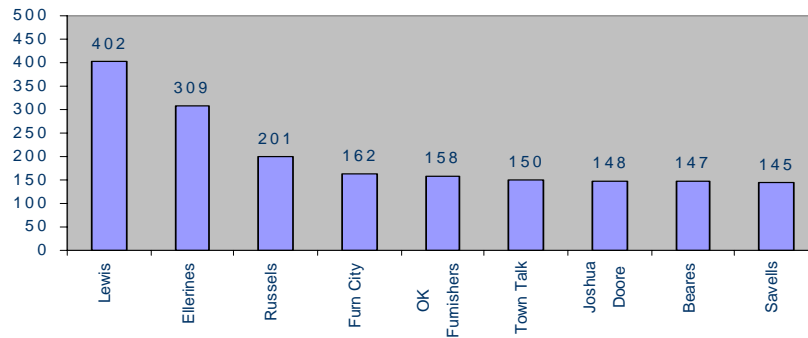


always
delivering

Lewis Group Structure

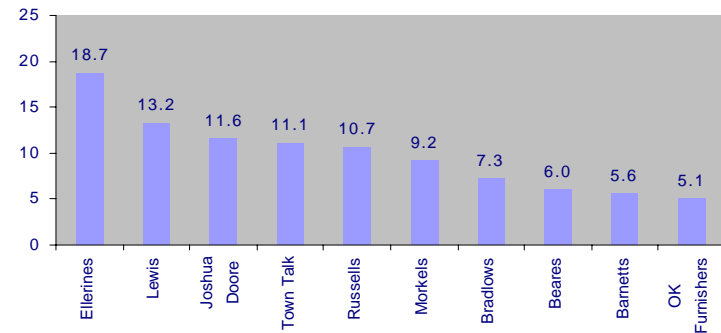


Largest single furniture retail brand in SA



Source: Based on Ellerines and JD Group August 2006 audited results and Lewis March 2006 audited results

Strong brand awareness

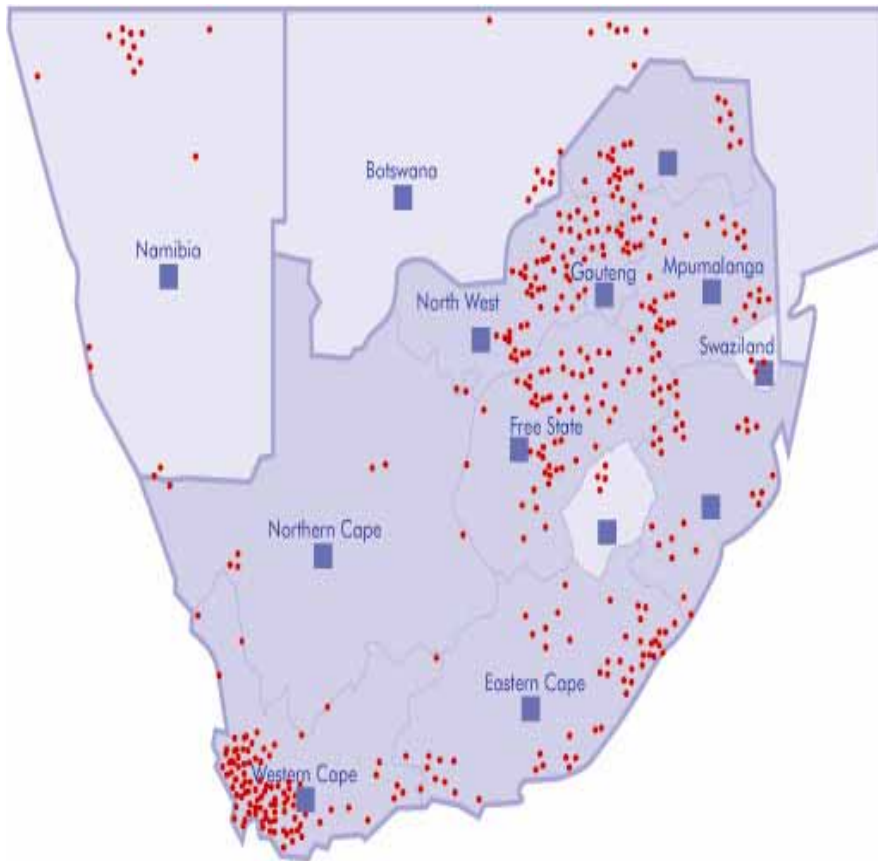


Source: Brand Awareness (Markinor rating October 2006)



always
delivering

Extensive Store Network

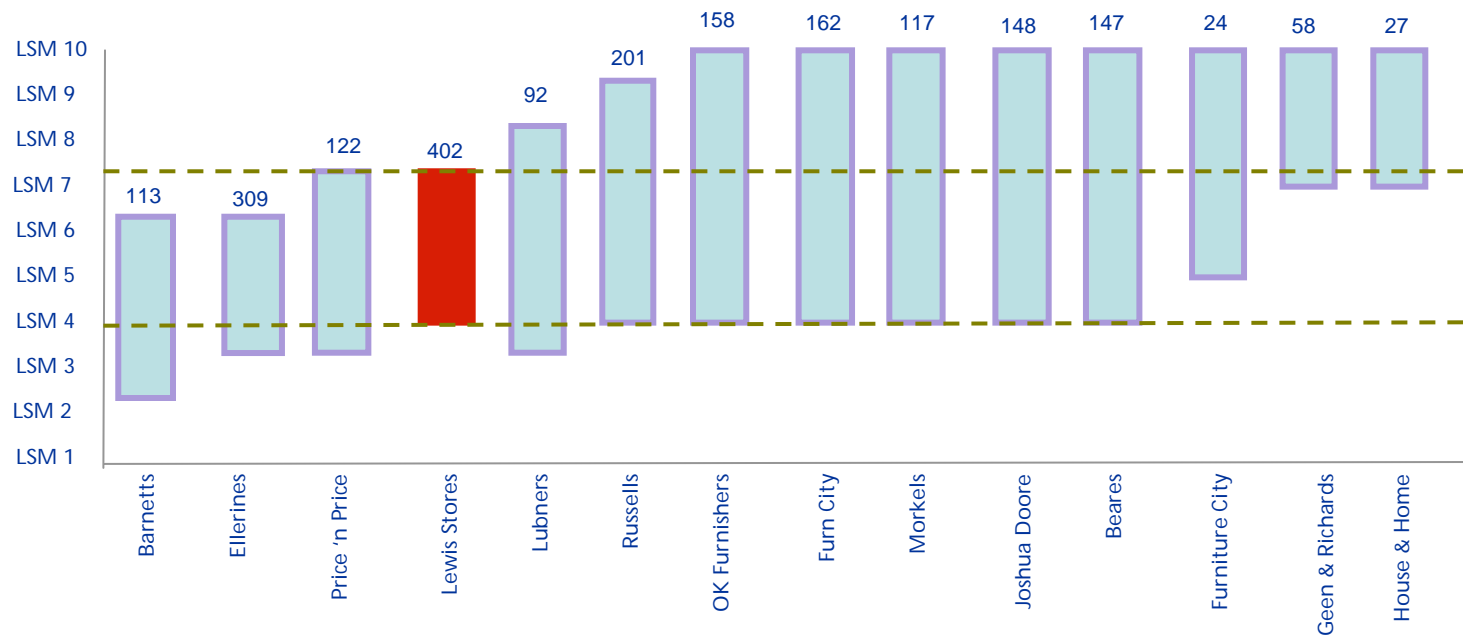


Western Cape	86
Free State	64
Mpumalanga	55
Gauteng	55
Eastern Cape	54
North West	35
Kwa-Zulu Natal	34
Limpopo	32
Northern Cape	29
Namibia	17
Botswana	13
Swaziland	10
Lesotho	6
TOTAL March '06	490



always
delivering

Strong Market Position



always
delivering

Growing Middle Market

Amps Lifestyle Measurement : 2006

	2001	%	2003	%	2006	%	2006 / 2001 Increase
	000's		000's		000'S		000'S
LSM1	3,077	10.6	2,692	9.0	1,650	5.3	-1,427
LSM2	4,101	14.1	4,037	13.6	3,760	12.2	-341
LSM3	4,242	14.6	4,203	14.1	3,901	12.6	-341
LSM4	4,054	14.0	4,270	14.3	4,605	14.8	551
LSM5	3,554	12.3	3,833	12.9	4,145	13.4	591
LSM6	3,635	12.5	3,902	13.2	4,500	14.6	865
LSM7	1,701	5.9	1,888	6.3	2,437	7.9	736
LSM8	1,708	5.9	1,790	6.0	1,761	5.7	53
LSM9	1,545	5.3	1,640	5.5	2,150	7.0	605
LSM10	<u>1,396</u>	4.8	<u>1,518</u>	5.1	<u>1,994</u>	6.5	<u>598</u>
	29,013		29,773		30,903		1,890

* SOURCE AMPS 2006



2. Lewis Core Competencies



Lewis
Group Ltd

always
delivering

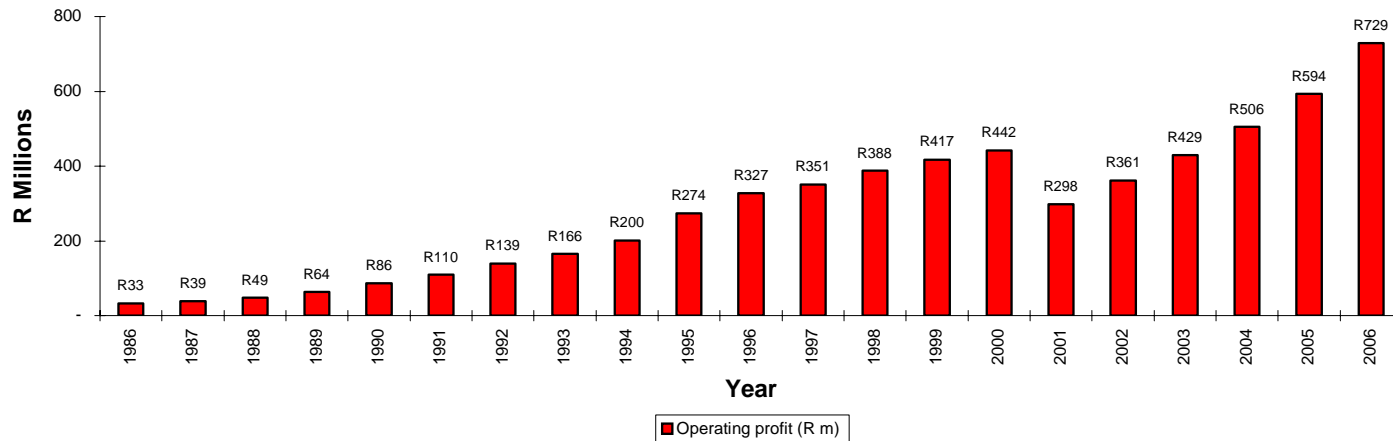
Lewis Core Competencies

- **Consistently high operating margins**
- **High cash conversion ratio**
- **Integrated credit and marketing strategies – Re-Serve**
- **Advanced credit granting processes – Application and behavioural scorecards**
- **Proven collection processes**
- **Merchandise innovation**
- **Experienced management team**
- **Low cost structures**



Sustainable Operating Profit

A solid & long track record always delivering



Operating margin %	16%	16%	16%	18%	19%	19%	20%	22%	23%	27%	27%	27%	28%	27%	24%	15%	18%	21%	22%	24%	25%
--------------------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----



always
delivering

Re-Serve Scheme

- **Identifies suitability of customer for further credit extension**
- **Fully integrated with debtors system and store operations**
- **Driven by historic payment behaviour & current indebtedness**
- **Customer base is segmented and targeted monthly**
- **Targeted direct mailing with promotional offers**
- **In-store operations – follow through on promotional offers**



Other Core Strengths

- | | | |
|-------------------------------------|---|--|
| Convenience | → | Extensive store network |
| Selection | → | Merchandise offers to meet local needs |
| Small store based Warehouses | → | 90% of deliveries executed within 24 hours. |
| Quick Credit decision | → | 9 to 12 seconds anywhere in the country – immediate customer response |
| Store based collection | → | Direct relationship with the customer |
| Re-serve model | → | ± 62% of sales from repeat business |
| In store promotions | → | Building customer loyalty |



Experienced Management Team

	Employees	Average Service (Lewis)	Average Age
• Executive Team	12	14	48
• Divisional Managers:			
– Operations	12	15	43
– Credit	12	11	44
• Regional Controllers:			
– Operations	64	10	42
• Assistant Regional Controllers	19	6	42



3. Highlights of the Current Year – 31st March 2007



always
delivering



3. Highlights of the Current Year – 31st March 2007

- Merchandise sales for nine months to 31st December 2006 up 15% (Like-for-Like 11%)
- Successful merchandise initiatives
- Increased furniture sales mix
- Overall condition of debtors book improved
- Expansion of all three chains – 25 new stores opened
- Opening of 500th store in November 2006
- Lifestyle Living, although a small contributor, has an outstanding year with sales and gross margins well up on last year
- Pilot test of specialised Bed/Bedroom furniture chain
- Improved stock distribution



4. Debtors Book



Lewis
Group Ltd

always
delivering

Health of Debtors Book

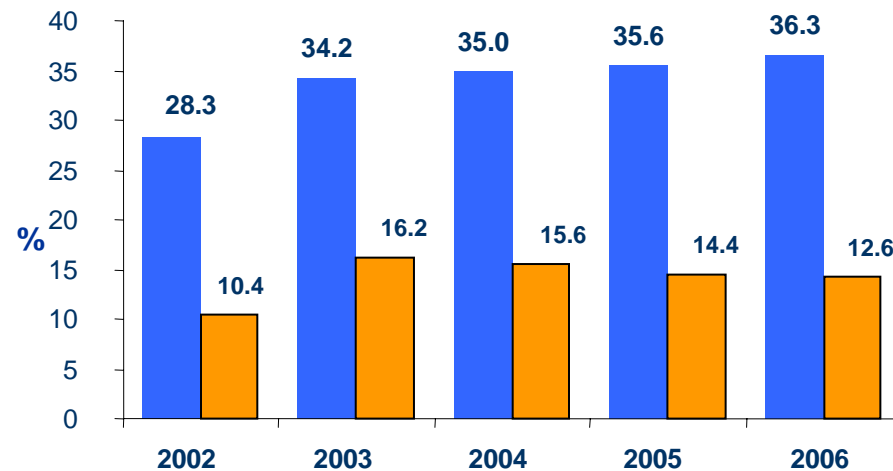
	FY06	FY05	% Change
Gross Debtors: Rand	R2921m	R2677m	9.1%
Revenue	R2875m	R2511m	14.5%
Bad Debt levels	4.0%	3.8%	
Yield on Book	26.1%	25.2%	
Average age of book – months	14.3	14.8	
Impairment Provision as % of gross debtors	12.6%	14.4%	



Debtors Provisions : - prudently provided

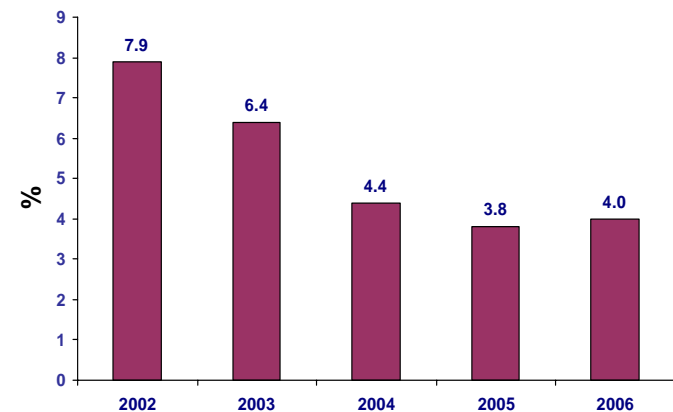
Debtors Book

Provisioning (Balance Sheet)



■ Total Debtor provision as % of gross debtors
 ■ Debtors Impairment as % of gross debtors (Risk provision)

Bad Debts (Income Statement)



■ Bad debts and impairment as % of gross debtors

Note: 2003 includes first-time adoption of AC133/IAS39



5. National Credit Act



always
delivering

Impact of National Credit Act

- **Lewis supportive of policy objectives of Act**
- **Overall impact manageable and fully compliant by 1 June 2007**
- **Revenue projections – anticipated to be neutral**
- **Credit granting process already in place**
- **Debt counselling – internal process well established. Certain external aspects still to be finalised.**
- **Additional administration will be required**
- **Advertising and in-store point of sale changes**



6. Growth Strategy



always
delivering

Growth Strategy

- Increase sales of existing stores through merchandise innovation
- Expand all three chains (25 stores per annum)
- Consider acquisitions – provided there is a fit to Lewis' core strengths
- Further improve operating efficiencies
- To train and develop all levels of staff and further implement the process of transformation throughout the company
- To develop other ancillary income opportunities through partnerships or stand alone initiatives

