



# INTERIM RESULTS PRESENTATION

For the six months ended  
30 September 2007



company review

**2007**



## AGENDA

1. Financial Highlights
2. Review of Operations
3. Financial Overview
4. Developments in Furniture Retail
5. Outlook
6. Questions

# 1. Financial Highlights



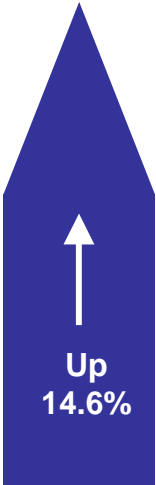
# Financial Highlights

R1718m



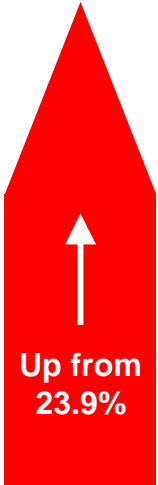
Revenue

R423m



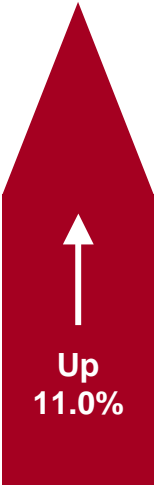
Operating  
Profit

24.6%



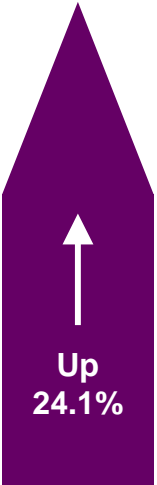
Operating  
Margin

308.5c



Headline  
Earnings  
per Share

144c



Dividends  
per share

## 2. Review of Operations



# Review of Operations

	<u>Group</u>	<u>Lewis</u>	<u>Best Electric</u>	<u>Lifestyle Living</u>
• Revenue up	11.2%	10%	18%	18%
• Merchandise sales % contribution	100%	82%	11%	7%
• Merchandise sales up	7.5%	6.6%	11.2%	12.4%
• No. of stores – Total	517	414	84	19
• No. of stores - opened this period	11	5	6	-
• No. of stores - to open by year end	11	6	2	3

# Review of Operations

## Merchandise Strategy

# Review of Operations



# Review of Operations (Cont'd)

- **NCA Implementation**
- **Store based Promotions – Repeat Business**
- **Customer Valuation Model**

# Review of Operations (Cont'd)

- **Quality of Debtors Book**
  - **Doubtful Debts Provision %**
  - **Actual Bad Debts**
- **Extended terms to selected customers**
- **Capital Management**
- **Financial Services – JV pilot test**

# ELECTRONIC CATALOGUE

# Review of Operations (Cont'd)



### 3. Financial Overview

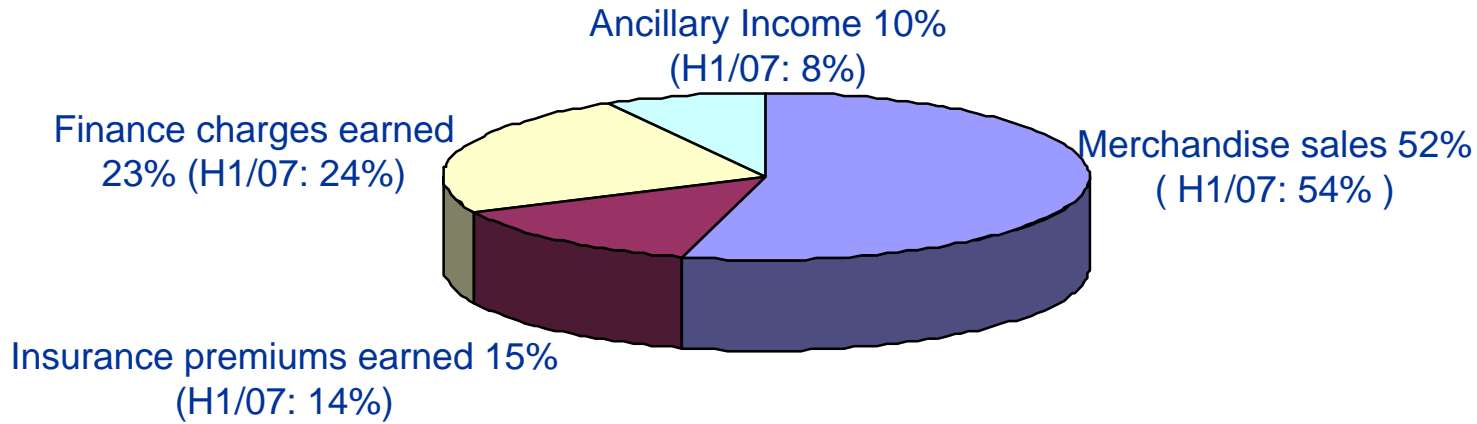


# Financial Overview – Income Statement

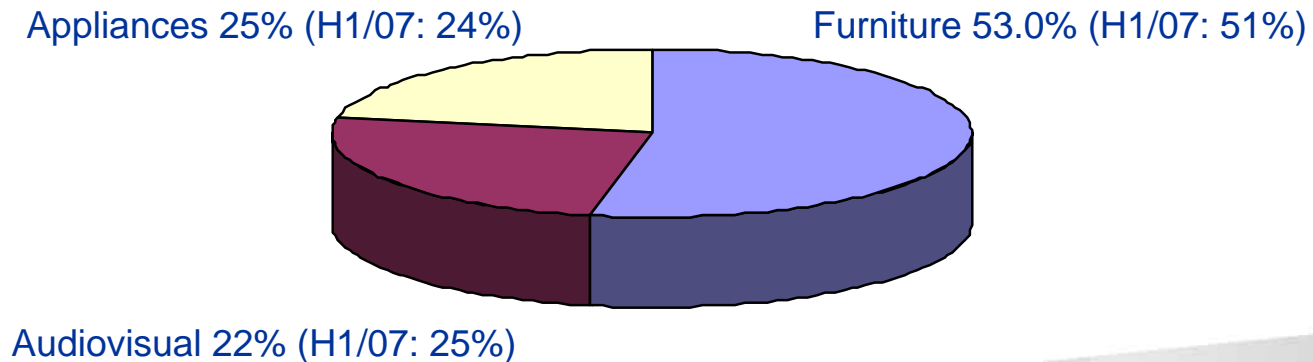
	H1/08 Rm	% Change	H1/07 Rm	FY07 Rm
Revenue	1 718	11.2%	1 545	3324
Merchandise sales	897	7.5%	834	1 809
Gross Profit Percentage	34.1%		34.3%	34.0%
Operating profit	423	14.6%	369	860
Operating margin percentage	24.6%		23.9%	25.9%
Attributable earnings	285	9.4%	261	598
Earnings per share (cents)	317	13.1%	280	650
Headline earnings per share (cents)	309	11.0%	278	645
Declared Dividend/per share (cents)	144	24.1%	116	266

# Analysis of Revenue Mix & Product Range

## Revenue Mix H1/08



## Product Range H1/08



# Analysis of Costs

(Excluding debtor costs)

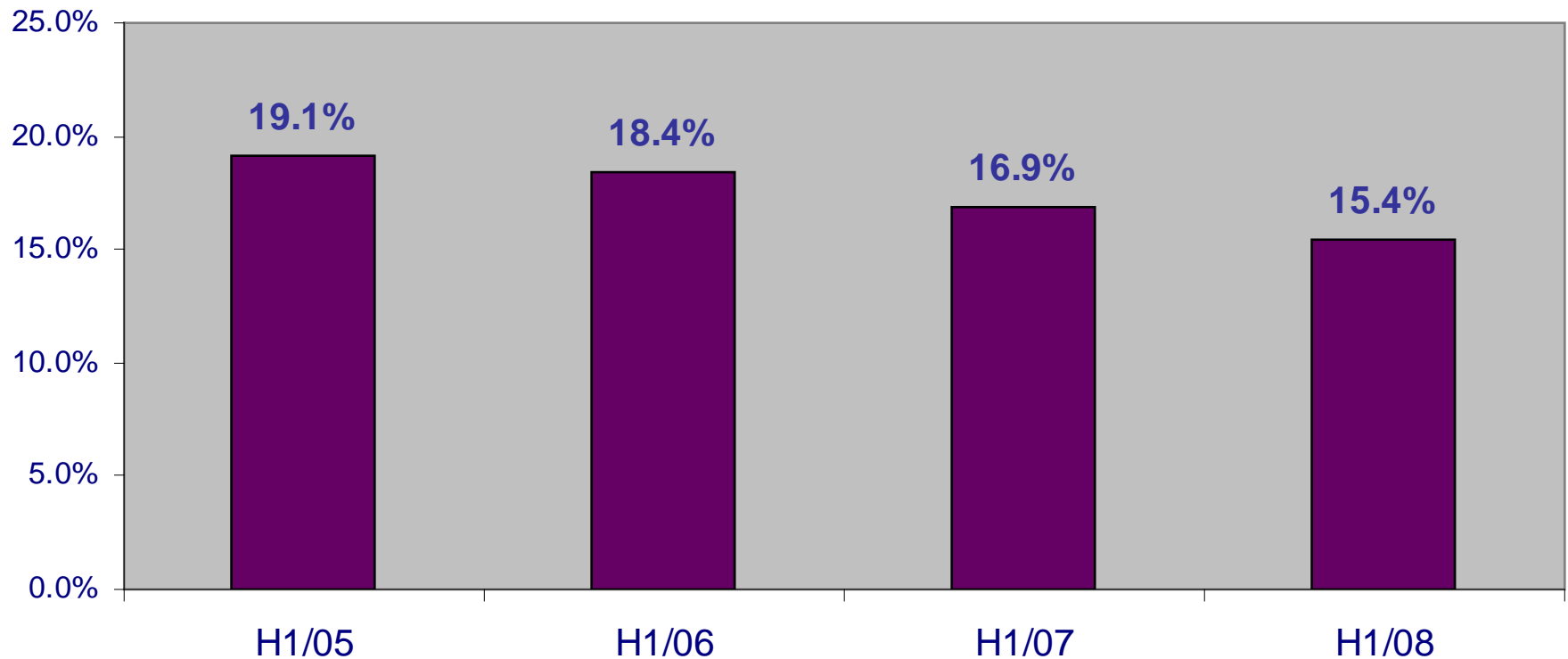
	H1/08 Rm	Change %	H1/07 Rm	FY07 Rm
Employment costs	265	11%	239	486
Admin and IT	84	5%	80	162
Marketing	62	17%	53	107
Occupancy costs	65	17%	55	117
Transport/Travel	61	11%	55	109
Depreciation	25	9%	23	39
Other operating costs	60	13%	53	102
Total	622		558	1122
% of revenue	36.2%		36.1%	33.8%

# Analysis of Debtor Costs

	H1/08 Rm	H1/07 Rm	FY07 Rm
Debtor costs as a % of net debtors	3.0%	3.0%	5.8%
Debtor Costs	83	71	148
- Bad debts written off	42	43	138
- Provision for Doubtful Debts Dr/(Cr)	41	28	10
Credit application decline rate	21.6%	20.7%	20.1%

# Doubtful Debts Provision – last 4 years trend at the half year

Doubtful debts provision as % of net debtors



# Balance Sheet Overview

	H1/08	H1/07	FY07
	Rm	Rm	Rm
Property, plant and equipment	184	174	183
Investments	680	630	660
Tax and Deferred tax	94	99	103
Inventory	311	244	230
Net Debtors after Doubtful Debts	2 328	1 989	2 188
Cash	57	34	36
<b>Total assets</b>	<b>3 654</b>	<b>3 170</b>	<b>3 400</b>
Shareholders' equity and reserves	2 511	2 247	2 527
Retirement benefits	69	78	68
Tax and Deferred tax	22	93	87
Creditors	358	335	288
Interest-bearing borrowings	694	417	430
	<b>3 654</b>	<b>3 170</b>	<b>3400</b>

# Capital Structure and Ratios

	H1/08 Rm	H1/07 Rm	FY07 Rm
Shareholders' Funds	2 511	2 247	2527
Interest-bearing borrowings (net of cash)	636	383	394
Gearing ratio	25.3%	17.1%	15.6%
Dividend cover (x)	2.00	2.25	2.25
Dividend declared this period (cents)	144	116	266
ROE – average	22.6%	23.0%	24.8%
ROCE – average	19.6%	20.2%	22.5%

# Cash Flow

	H1/08	H1/07	FY07
	Rm	Rm	Rm
<b>Cash generated from operations</b>	299	327	592
Significant cash flow continues which funded the following:			
• Increase in working capital requirement			
- mainly investment in debtors	202	100	320
• Share repurchases	162	214	214
• Dividends paid during the period	134	127	232

**Since listing in October 2004 more than R1.1billion has been returned to shareholders**

## 4. Developments in Furniture Retail

# ABIL TAKEOVER OF ELLERINES AND CHANGES TO BUSINESS MODELS

## 5. Outlook



# Outlook

- Trading conditions in the medium term are expected to be challenging with food and transport increases impacting on target market.
- Long term outlook remains positive in our target market:
  - Infrastructure spend
  - Employment growth
  - Real wage increases
- Expansion opportunities exist in all three chains.
- Board confident the Group will continue to produce satisfactory results.

## 6. Questions



**Thank you**

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