RESULTS PRESENTATION

For the 6 months ended

30 September 2010

november

2010

Lewis Group Ltd

AGENDA

1. Overview of Results
2. Debtor Analysis
3. Financial Results
4. Outlook
5. Questions

1. OVERVIEW OF RESULTS

Overview of Results

R1 058m	22.0%	R469m	332.5c	156c
+ 11.2%	+ 20 bps	+ 10.5%	+ 14.5%	+ 8.3%
Merchandise Sales	Operating Margin	Operating Profit	Headline Earnings per Share	Dividend per Share

Overview of Results (cont’d)

1. Improving sales trend since year end – up 11.2%.

   Furniture & appliances (80% of business) – up 11.1%
   Electronic sales (20% of business) – up 11.7%.

2. Exclusivity of merchandise a key focus.
   New ranges launched.

3. Successful launch of the My Home brand.

Overview of Results (cont'd)

4. Store roll out – on track to open 40 – 45 stores.

5. Improving Credit mix – 71.7% (H1-10: 68.5%).

6. Gross profit margin improved.

	H1/2011	H1/2010	FY/2010
Gross profit	35.1%	33.5%	34.9%
Exchange losses	(0.7%)	(3.1%)	(1.5%)
All in gross profit	34.4%	30.4%	33.4%

Overview of Results (cont'd)

7. Stock turn - 5.2.
8. Debtor costs 4.8% of net Debtors (H1-10: 5.0%).
9. Unemployment in our customer base stable at below 3%.
10. Gearing 25.7% (H1-10: 27.4%).
11. Cash from operations R413 mil (+R214 mil).


2. DEBTOR ANALYSIS

Debtor Costs

	H1/2011 Rm	H1/2010 Rm
Total Debtor costs	206	189
▪ Bad debts written off	48	53
▪ Impairment provision	158	136
Debtor costs as a % of net debtors	4.8%	5.0%

Debtors Impairment Provision

	H1/2011 Rm	H1/2010 Rm
Net Debtors before prov.	4 312	3 738
Impairment provision	793	668
Impairment provision %	18.4%	17.9%
Credit application decline rate	31.1%	27.4%

Impairment – Net present value of expected cash flow discounted at interest rate applicable to contract

Debtor Payment Analysis

Debtor's Payment Analysis			NUMBER OF CUSTOMERS		IMPAIRMENT PROVISION %			NCA OVER 24 MONTHS
			H1/2011	H1/2010	H1/2011	H1/2010	March 2010	H1/2011
Satisfactory paid	Customers fully up to date including those who have paid 70% or more of amounts due over the contract period	**No.**	510 722	491 614				257 431
		%	71.6%	69.6%	0%	0%	0%	77.9%
Slow payers	Customers who have paid between 70% and 65% of amounts due over the contract period	**No.**	55 380	57 539				21 637
		%	7.8%	8.2%	25%	21%	23%	6.5%
Non performing customers	Customers who have paid between 65% and 55% of amounts due over the contract period	**No.**	50 302	52 949				18 189
		%	7.0%	7.5%	44%	41%	43%	5.5%
Non performing customers	Customers who have paid 55% or less of amounts due over the contract period	**No.**	97 062	103 795				33 351
		%	13.6%	14.7%	98%	89%	94%	10.1%
			713 466	**705 897**	**18.4%**	**17.9%**	**16%**	**330 608**

Average impairment provision on non performing customers – 80% (LY 73%).
Impairment provision allocated on number of customers in the four summary categories.

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3. FINANCIAL RESULTS

Income Statement

	H1/2011 Rm	H1/2010 Rm	%
Revenue	2 136	1 946	9.8%
Merchandise sales	1 058	951	11.2%
Gross profit margin %	35.1%	33.5%	
Operating profit	469	424	10.5%
Operating margin %	22.0%	21.8%	
Attributable earnings	296	261	13.1%
EPS (cents)	335	297	12.8%
Headline EPS (cents)	333	290	14.5%

Segmental Analysis

H1/2011		Group	Lewis	Best Home Electric	My Home/ Lifestyle *
Revenue (Rm)		2 136	1 796	274	66
Revenue growth (%)		9.8%	9.2%	14.7%	5.8%
Operating profit (Rm)		469	413	53	3
Operating margin	H1:11	22.0%	23.0%	19.3%	4.7%
	H1:10	21.8%	23.0%	19.3%	1.1%
Number of stores		565	444	101	14/6

* Includes My Home results for the three months

Business Split

		Retail Rm	Risk Services Rm	Financial Services Rm	Group Rm
H1/2011					
Revenue		**1 202**	**337**	**597**	**2 136**
Operating profit		**159**	**89**	**221**	**469**
Operating margin	**H1:11**	**13.2%**	**26.5%**	**37.0%**	**22.0%**
	H1:10	**12.4%**	**26.0%**	**37.5%**	**21.8%**

- Supplied for continuity purposes only.
  Our business is not managed in accordance with this split.
- Our business model reflects the customer centric nature of operations based on the premise that the selling of furniture and the provision of credit are interdependent.

Analysis of Costs (Excluding Debtor costs)

	H1/2011 Rm	H1/2010 Rm	Change %
Employment costs	328	296	11.0%
Admin and IT	101	92	10.0%
Marketing	81	71	13.8%
Occupancy costs	88	78	12.6%
Transport/Travel	69	64	7.2%
Depreciation	28	27	3.7%
Other operating costs	79	72	9.4%
Total	774	700	10.5%
% of revenue	**36.2%**	**36.0%**	

Balance Sheet Overview

	H1/2011 Rm	H1/2010 Rm
Property, plant and equipment	269	232
Investments	984	803
Deferred tax	9	-
Inventory	265	306
Net Debtors	3 611	3 147
Cash	84	67
Total Assets	5 222	4 555
Shareholders’ equity and reserves	3 463	3 049
Retirement benefits	53	55
Tax and Deferred Tax	131	63
Creditors	601	485
Interest-bearing borrowings	974	903
	5 222	4 555

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Capital Ratios

	H1/2011	H1/2010
ROE – after tax (%)	17.6%	17.6%
ROCE – after tax (%)	15.6%	16.4%
ROA – before tax (%)	19.8%	21.0%
Interim Dividend declared (cents)	156	144
Gearing ratio (%)	25.7%	27.4%

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4. OUTLOOK

Outlook

- The proven business model a competitive advantage.
- Management of Debtors book .
  - Improving collections environment.
  - Debtor costs continue to moderate.
- Merchandise – a key focus.

Outlook (cont'd)

- Store expansion – on track.
  - 3 - 4 yr target : 700 stores
  - 40 - 45 stores per year
- Operating margin three year target – 26%.

5. THANK YOU QUESTIONS