RESULTS PRESENTATION

For the six months ended
30 September 2008

Lewis Group Ltd



AGENDA

1. Overview of Results
2. Review of Operations
3. Debtor Analysis
4. Management Succession
5. Financial Overview
6. Lewis Strengths and Opportunities
7. Questions

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1. Overview of Results

- REVENUE INCREASED BY 5.0%
- HEADLINE EARINGS PER SHARE MARGINALLY LOWER BY 0.9%
- CASH GENERATED FROM OPERATIONS UP BY 27.8%
- INTERIM DIVIDEND MAINTAINED AT 144 CENTS PER SHARE
- OPERATING MARGIN AT 22.8% (2007 : 24.6%)
- DEBTOR COSTS AT 4.5% OF NET DEBTORS (2007 : 3%)
- GEARING AT 23.9% (2007: 25.3%)

2. Review of Operations

- **TRADING CONDITIONS – Extremely challenging; No clear pattern of trade emerging**
- **SALES MIX:**
  - **Furniture and appliances (80% of business) 2% up**
  - **Electronic sales (20% of business) down 11%**
- **MERCHANDISE STRATEGIES**
- **INCREASED FURNITURE SALES - Best Home and Electric**
- **LEWIS SMALL STORE PILOT TEST**

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2. Review of Operations (Cont'd)

- **PRICE INFLATION**
- **CUSTOMER SEGMENTATION LINKED TO STORE BASED PROMOTIONS**
- **DEBTORS BOOK**
  - **Collections**
  - **Health of Lewis Customer**

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2. Review of Operations (Cont'd)

- EXTENDED TERMS TO SELECTED CUSTOMERS

- COST CONTAINMENT

2. Review of Operations (Cont'd)

	Group	Lewis	Best Electric	Lifestyle Living
▪ Revenue growth	5.0%	4.8%	11.6%	(10.1%)
▪ Merchandise sales % contribution	100%	82.2%	12.0%	5.8%
▪ Merchandise sales growth	(0.7%)	(0.6%)	5.9%	(13.5%)
▪ No. of stores – total	529	420	88	21

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3. Debtor Analysis

Debtor Costs

	H1/2009 Rm	H1/2008 Rm
Total Debtor costs	143	83
▪ Bad debts written off	51	42
▪ Provision for Doubtful Debts	92	41
Debtor costs as a % of net debtors	4.5%	3.0%
Credit Application decline rate	24.5%	21.6%

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Doubtful Debt Provision

	H1/2009 Rm	H1/2008 Rm
Net Debtors before DD Prov.	3 154	2 724
Doubtful Debt Provision	488	419
Doubtful Debt Provision %	15.5%	15.4%

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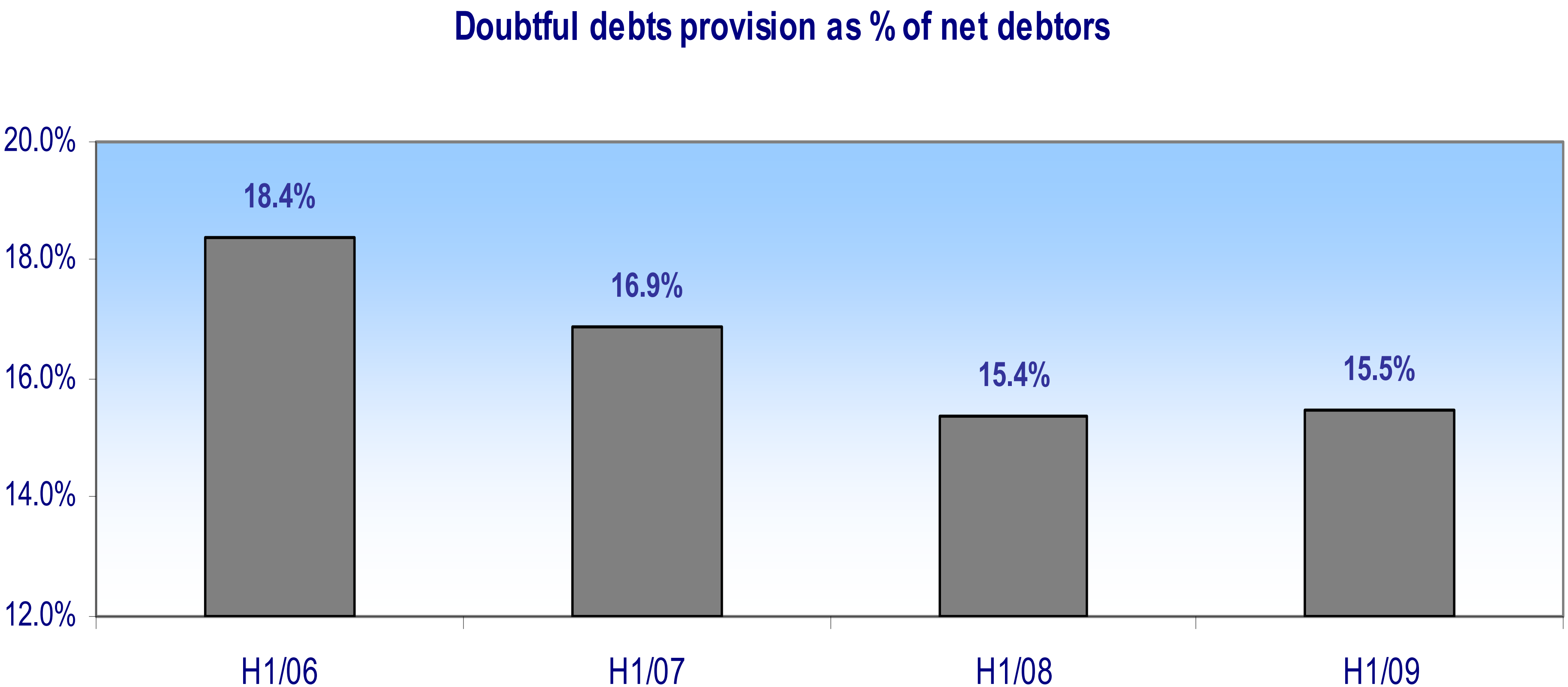
Doubtful Debt Provision – last 4 years trend at the half year



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Debtors Payment Analysis

			NUMBER OF CUSTOMERS		DOUBTFUL DEBT PROVISION		
			H1/2009	H1/2008	H1/2009	H1/2008	MARCH '08
Satisfactory paid	Customers fully up to date including those who have paid 70% or more of amounts due over the contract period	**No.**	515 471	544 864	0%	0%	0%
		%	72.5%	75.2%			
Slow payers	Customers who have paid between 70% and 65% of amounts due over the contract period	**No.**	52 899	47,920	18%	17%	17%
		%	7.4%	6.6%			
Non performing customers	Customers who have paid between 65% and 55% of amounts due over the contract period	**No.**	48,683	45,545	42%	46%	42%
		%	6.9%	6.3%			
Non performing customers	Customers who have paid 55% or less of amounts due over the contract period	**No.**	93,497	86,508	85%	95%	86%
		%	13.2%	11.9%			
			710 550	**724 837**	**15.5%**	**15.4%**	**13.5%**

Analysis of NCA Business

			NUMBER OF CUSTOMERS	
			NCA 24 Months	NCA Over 24 Months
Satisfactory paid	Customers fully up to date including those who have paid 70% or more of amounts due over the contract period	**No.**	250,705	117,996
		%	85.3%	86.4%
Slow payers	Customers who have paid between 70% and 65% of amounts due over the contract period	**No.**	14,099	5,333
		%	4.8%	3.9%
Non performing customers	Customers who have paid between 65% and 55% of amounts due over the contract period	**No.**	10,886	5,270
		%	3.7%	3.8%
Non performing customers	Customers who have paid 55% or less of amounts due over the contract period	**No.**	18,353	8,023
		%	6.2%	5.9%
			294,043	**136,622**

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4. Management Succession

Management Succession

- APPOINTMENT OF C.E.O. - DESIGNATE
- APPOINTMENT OF C.E.O. - MONARCH INSURANCE

5. Financial Overview

Income Statement

	H1/2009 Rm	H1/2008 Rm	%
Revenue	1 803	1 718	5.0%
Merchandise sales	890	897	(0.7%)
Gross profit %	33.1%	34.1%	
Operating profit	411	423	(2.7%)
Operating margin %	22.8%	24.6%	
Attributable earnings	273	285	(4.2%)
EPS (cents)	309	317	(2.6%)
Headline EPS (cents)	306	309	(0.9%)

Segmental Analysis

	Retail Rm	Risk Services Rm	Financial Services Rm	Total Rm
H1/2009				
Revenue	1 020	295	488	1 803
Operating profit	124	107	180	411
Operating margin	12.1%	36.3%	36.9%	22.8%
H1/2008				
Revenue	1 018	250	450	1 718
Operating profit	141	77	205	423
Operating margin	13.8%	31.0%	45.5%	24.6%

Analysis of Costs
(Excluding Debtor costs)

	H1/2009 Rm	H1/2008 Rm	Change %
Employment costs	268	265	1.2%
Admin and IT	85	84	1.4%
Marketing	67	62	8.4%
Occupancy costs	72	65	10.5%
Transport/Travel	71	61	17.1%
Depreciation	28	25	8.3%
Other operating costs	63	60	5.8%
Total	654	622	5.2%
% of revenue	36.3%	36.2%	

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Cash Flow

	H1/2009	H1/2008
Cash flow from trading	539	501
Change in working capital	(157)	(202)
Cash generated from operations	382	299
	+ 27.8%	

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Balance Sheet Overview

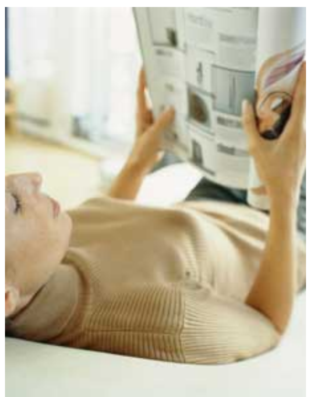
	H1/2009 Rm	H1/2008 Rm
Property, plant and equipment	211	184
Investments	707	680
Tax and Deferred tax	11	94
Inventory	269	311
Net Debtors after Doubtful Debts	2 752	2 328
Cash	99	57
Total Assets	4 049	3 654
Shareholders' equity and reserves	2 788	2 511
Retirement benefits	60	69
Deferred Tax	21	22
Creditors	415	358
Interest-bearing borrowings	765	694
	4 049	3 654

Capital Ratios

	H1/2009 Rm	H1/2008 Rm
Gearing ratio	23.9%	25.3%
Share buy back this year	51	162
Dividends paid	158	134
Interim dividend declared (cents)	144	144
Dividend cover (x)	2.0	2.0
ROE – average*	19.8%	22.6%
ROCE – average*	17.2%	19.6%
ROA – average*	15.4%	17.2%

*** After-tax**

6. Lewis Strengths and Opportunities



Lewis Strengths and Opportunities (Cont'd)

Industry Developments:

- Continuing consolidation in the industry
- Change in business models

Lewis Business Model:

- Store-based customer focus.
- Developing long-term relationships
- Low cost structures; low break-even point

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Lewis Strengths and Opportunities (Cont'd)

- Since listing on 4 October 2004, we have returned R1.4 billion to shareholders – 50% of market capitalisation at listing date.

Outlook

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7. Questions

Thank you

Visit our website on: www.lewisgroup.co.za

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