RESULTS PRESENTATION

For the 6 months ended
30 September 2009

Lewis Group Ltd

september
2009

AGENDA

1. Overview of Results
2. Debtor Analysis
3. Summary Financial Results
4. Board and Management
5. Outlook
6. Questions

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1. OVERVIEW OF RESULTS

Overview of Results

R1 946m	21.8%	R424m	290.5c	144c
+ 7.9%	21.8%	+ 4.3%	- 3.9%	Maintained
Revenue	Operating Margin	Operating Profit	Headline Earnings per Share	Dividend per Share

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Overview of Results (cont'd)

1. Improving sales trend since year end – up 6.8%

   Furniture & appliances (80% of business) – up 7.8%
   Electronic sales (20% of business) – up 2.8%

2. Exclusivity of merchandise a key focus

   New ranges launched.

3. Extended furniture range in Best Home and Electric

4. Small format Lewis store proving a success

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Overview of Results (cont'd)

5. Improving Credit/Cash mix – 68.5% (H1-09: 65.8%)
6. Gross profit margin improved to 33.5% (H1-09: 33.1%)
7. Debtor costs 5% of net Debtors (H1-09: 4.5%)
8. Cost of forward cover R30 million
9. Costs tightly managed

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2. DEBTOR ANALYSIS

Debtor Costs

	H1/2010 Rm	H1/2009 Rm
Total Debtor costs	189	143
▪ Bad debts written off	53	51
▪ Provision for doubtful debts	136	92
Debtor costs as a % of net debtors	5.0%	4.5%

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Doubtful Debt Provision

	H1/2010 Rm	H1/2009 Rm
Net Debtors before DD prov.	3 738	3 154
Doubtful debt provision	668	488
Doubtful debt provision %	17.9%	15.5%
Credit application decline rate	27.4%	24.5%

IAS 39 – Net present value of expected cash flow discounted at interest rate applicable to contract

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Debtor Payment Analysis

			NUMBER OF CUSTOMERS		DOUBTFUL DEBT PROVISION		
			H1/2010	H1/2009	H1/2010	H1/2009	MARCH '09
Satisfactory paid	Customers fully up to date including those who have paid 70% or more of amounts due over the contract period	No	491 614	515 471	0%	0%	0%
		%	69.6%	72.5%			
Slow payers	Customers who have paid between 70% and 65% of amounts due over the contract period.	No	57 539	52 899	21%	18%	20%
		%	8.2%	7.4%			
Non performing customers	Customers who have paid between 65% and 55% of amounts due over the contract period.	No	52 949	48 683	41%	42%	42%
		%	7.5%	6.9%			
Non performing customers	Customers who have paid 55% or less of amounts due over the contract period	No	103 795	93 497	89%	85%	88%
		%	14.7%	13.2%			
			705 897	**710 550**	**17.9%**	**15.5%**	**15.7%**

Doubtful Debt provision allocated on number of customers in the four summary categories

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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.	262,566	228,068
		%	76.7%	82.4%
Slow payers	Customers who have paid between 70% and 65% of amounts due over the contract period.	No.	24,338	15,354
		%	7.1%	5.5%
Non performing customers	Customers who have paid between 65% and 55% of amounts due over the contract period.	No.	19,349	13,217
		%	5.7%	4.8%
Non performing customers	Customers who have paid 55% or less of amounts due over the contract period	No.	35,865	20,258
		%	10.5%	7.3%
			342 118	276 897

3. SUMMARY FINANCIAL RESULTS

Income Statement

	H1/2010 Rm	H1/2009 Rm	%
Revenue	1 946	1 803	7.9%
Merchandise sales	951	890	6.8%
Gross profit margin %	33.5%	33.1%	
Operating profit	424	407	4.3%
Operating margin %	21.8%	22.6%	
Attributable earnings	261	270	(3.3%)
EPS (cents)	297	305	(2.6%)
Headline EPS (cents)	290	302	(3.9%)

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Segmental Analysis

H1/2010		Group	Lewis	Best Home Electric	Lifestyle Living
Revenue (Rm)		1 946	1 644	239	63
Revenue growth (%)		7.9%	7.9%	10.2%	0.8%
Operating profit (Rm)		424	377	46	1
Operating margin	H1:10	21.8%	23.0%	19.3%	1.1%
	H1:09	22.6%	23.9%	20.7%	(3.7%)
Number of stores		539	431	89	19

IFRS8: OPERATING SEGMENTS
Information provided to Chief Operating decision makers

Business Split

		Retail Rm	Risk Services Rm	Financial Services Rm	Group Rm
H1/2010					
Revenue		1 083	292	571	1 946
Operating profit		134	76	214	424
Operating margin	H1:10	12.4%	26.0%	37.5%	21.8%
	H1:09	12.1%	36.3%	36.0%	22.6%

- 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.

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Analysis of Costs
(Excluding Debtor costs)

	H1/2010 Rm	H1/2009 Rm	Change %
Employment costs	296	270	9.5%
Admin and IT	92	87	6.6%
Marketing	71	67	6.0%
Occupancy costs	78	72	9.0%
Transport/Travel	64	71	(9.6%)
Depreciation	27	28	(4.9%)
Other operating costs	72	63	14.0%
Total	700	658	6.4%
% of revenue	36.0%	36.5%	

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Balance Sheet Overview

	H1/2010 Rm	H1/2009 Rm
Property, plant and equipment	232	207
Investments	803	707
Tax	-	11
Inventory	306	269
Net Debtors after Doubtful Debts	3 147	2 705
Cash	67	99
Total Assets	4 555	3 998
Shareholders' equity and reserves	3 049	2 751
Retirement benefits	55	60
Tax and Deferred Tax	63	7
Creditors	485	415
Interest-bearing borrowings	903	765
	4 555	3 998

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Capital Ratios

	H1/2010	H1/2009
Gearing ratio (%)	27.4%	24.2%
Share repurchases (Rm)	-	51
Interim dividend declared (cents)	144	144
ROE – after tax (%)	17.6%	19.8%
ROCE – after tax (%)	16.4%	17.2%
ROA – before tax (%)	21.0%	22.6%

4. BOARD AND MANAGEMENT

Board and Management

- Johan Enslin appointed CEO and executive director
- Alan Smart retired and appointed non executive director
- Further two non executive directors appointed

	Ave length of service
• Six operating board members	12
• Four operations general managers	19
• Twelve divisional general managers	12
• Four Head Office general managers	8

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5. OUTLOOK

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Outlook

- Trading prospects.
- Gross profit expected to improve in H2.
- Management of the debtor book the top priority.
- More aggressive store expansion:

Small store concept - exciting opportunity

FY 2010	15 - 20 stores
FY 2011	30 - 40 stores

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6. QUESTIONS