RESULTS PRESENTATION

MAY
2011

For the 12 months ended 31 March 2011

Lewis Group Ltd

AGENDA

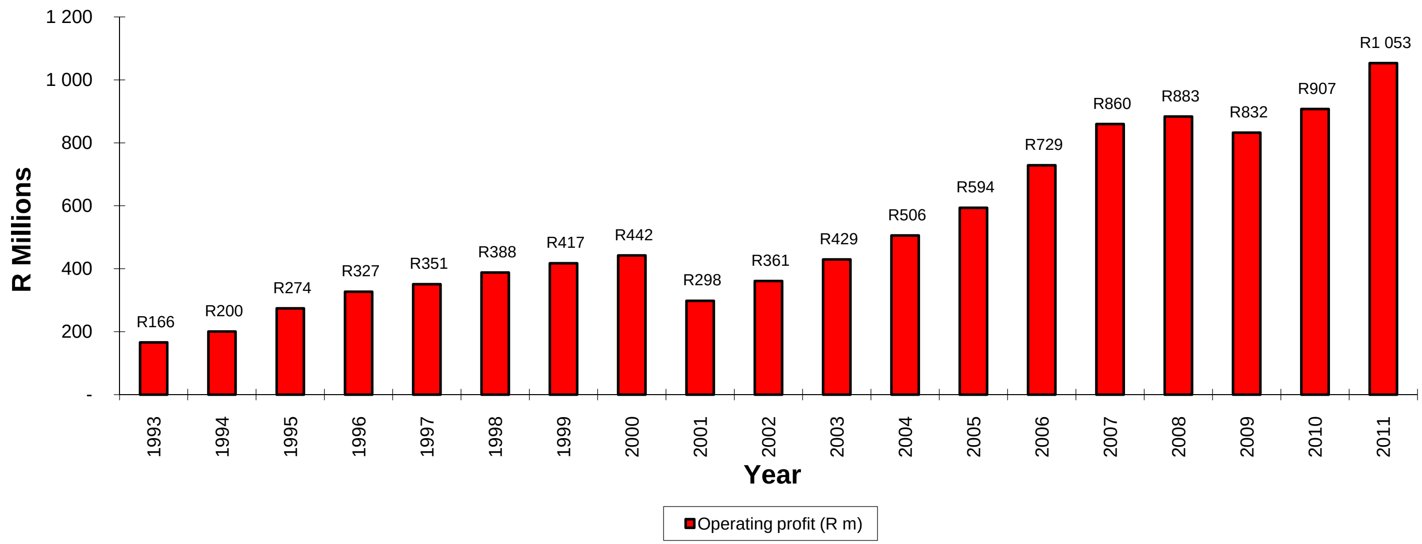
1. Year in Review
2. Debtor Analysis
3. Financial Results
4. Outlook
5. Questions

1. YEAR IN REVIEW

R2 290m	23%	781.1c	R832 m	207c
+ 12.0%	23.0%	+21.6%	36.3%	+ 15.6%
Merchandise Sales	Operating Margin	Headline Earnings per Share	Gross Profit	Final Dividend per Share
	LY 22.1%	LY 642.6c	LY 34.9%	LY 179c

Operating Profit - History

Solid operating performance over the past 19 years – Compound annual growth of 10.8%



22%	23%	27%	27%	27%	28%	27%	24%	15%	18%	21%	22%	24%	25%	26%	25%	22%	23%

Operating margin %

Year In Review

- Improving sales trend – up 12.6% in H2 (11.2%: H1).

  - Furniture & appliances (82% of business) - up 12.1% (FY11)
  - Electronic sales (18% of business) - up 11.9% (FY 11)

- Improved credit/cash mix – 71.4% (FY 10: 68.5%).

- Customer acquisition initiatives.

- Credit application decline rate – 31.5% (LY: 27.5%).

- Debtor costs 10.2% of net Debtors (FY10: 10.9%).

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Year In Review (Cont'd)

- Store roll out on track – 40 stores opened.
- Exclusivity of merchandise a key focus.
- New ranges launched twice a year.
- Gross profit margin improved.

	FY11	FY10
Gross profit	36.3%	34.9%
Exchange gains/(losses)	(0.3%)	(1.5%)
All in gross	36.0%	33.4%

- Solid stock turn – 5.7 times.

2. DEBTOR ANALYSIS

Debtor Costs

	FY11 Rm	FY10 Rm
Total Debtor costs	459	434
▪ Bad debts written off	336	331
▪ Impairment Provision	123	103
Debtor costs as a % of net debtors	10.2%	10.9%

Debtor Payment Analysis

Impairment provision allocated on number of customers in the four summary categories.

Debtor's Payment Analysis			NUMBER OF CUSTOMERS 2011	NUMBER OF CUSTOMERS 2010	IMPAIRMENT PROVISION % 2011	IMPAIRMENT PROVISION % 2010	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.**	521,304	498,370			271,599
		%	**74.5%**	72.7%	1%	0%	76%
Slow payers	Customers who have paid between 70% and 65% of amounts due over the contract period	**No.**	55,439	58,476			25,599
		%	**7.9%**	8.5%	27%	23%	7.2%
Non performing customers	Customers who have paid between 65% and 55% of amounts due over the contract period	**No.**	44,436	48,446			21,258
		%	**6.4%**	7.1%	44%	43%	5.9%
Non performing customers	Customers who have paid 55% or less of amounts due over the contract period	**No.**	78,174	80,417			38,862
		%	**11.2%**	11.7%	98%	94%	10.9%
			699,353	**685,709**	16.8%	**16.0%**	**357,318**

- 100% provision raised covering the potential impact of the recent judgement on the statutory in duplum rule (NCA).
- Average impairment provision on non performing customers – 79% (LY 75%).

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3. FINANCIAL RESULTS

Income Statement

	FY11 Rm	FY10 Rm	%
Revenue	4 578	4 111	11.4%
Merchandise sales	2 290	2 046	12.0%
Gross profit %	36.3%	34.9%	
Operating profit	1 053	907	16.0%
Operating margin %	23.0%	22.1%	
Attributable earnings	712	591	20.4%
EPS (cents)	807	672	20.1%
Headline EPS (cents)	781	643	21.6%

Segmental Analysis

2011		Group	Lewis	Best Home Electric	My Home
Revenue (Rm)		4 578	3 853	589	136
Revenue growth (%)		11.4%	11.0%	16.9%	(0.9%)
Operating profit (Rm)		1 053	920	126	7
Operating margin	FY:11	23.0%	23.9%	21.4%	5.0%
	FY:10	22.1%	23.3%	19.1%	1.7%
Number of stores		582	454	107	21

IFRS8: OPERATING SEGMENTS

Information provided to Chief Operating decision makers

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Business Split

		Retail Rm	Risk Services Rm	Financial Services Rm	Group Rm
2011					
Revenue		2 594	752	1 232	4 578
Operating profit		416	213	424	1 053
Operating margin	FY:11	16.0%	28.3%	34.4%	23.0%
	FY:10	14.5%	24.5%	35.8%	22.1%

- 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

	FY11 Rm	FY10 Rm	Change %
Employment costs	693	607	14.2%
Admin and IT	208	195	6.9%
Marketing	156	134	16.5%
Occupancy costs	186	165	12.7%
Transport/Travel	148	136	9.3%
Depreciation	47	46	0.4%
Other operating costs	170	155	8.7%
Total	1 608	1 438	11.8%
% of revenue	35.1%	35.0%	

Balance Sheet Overview

	FY11 Rm	FY10 Rm
Property, plant and equipment	279	251
Investments	1 097	894
Inventory	256	210
Net Debtors	3 835	3 428
Cash	84	62
Total Assets	5 551	4 845
Shareholders' equity and reserves	3 728	3 274
Retirement benefits	59	52
Tax and Deferred Tax	114	108
Creditors	567	450
Interest-bearing borrowings	1 083	961
	5 551	4 845

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Capital Ratios

	FY11	FY10
ROE – after tax (%)	20.3%	19.2%
ROCE – after tax (%)	17.2%	17.2%
ROA – before tax (%)	21.8%	21.9%
Total Dividend (cents)	363	323
Gearing ratio (%)	26.8%	27.5%

- No further share buy back planned
- Investing in store roll out/Debtor book
- Gearing is well within our max range of 35%

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Net Cash Position

	FY11	FY10
Insurance Investments	1 097	894
Cash	84	62
Cash, Bonds, Equities	1 181	956
Interest Bearing Borrowings	1 083	961
Net position	98	(5)

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4. OUTLOOK

Outlook

- Management of Debtors book.
  - The collections environment continues to improve.
  - Debtor costs continue to moderate.
  - Debtor costs target – 8% by 2013.

Outlook

- Merchandise innovation focused on exclusivity and increased furniture sales.

  - Two launches per annum

- The proven business model a competitive advantage.

- Store expansion.

  - 3yr target : 700 stores
  - FY2012 40 stores

- Operating margin three year target – 26%.

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5. QUESTIONS

THANK YOU