May 2012

Lewis Group Ltd

Results Presentation

for the
12 months ended
31 March 2012

Agenda

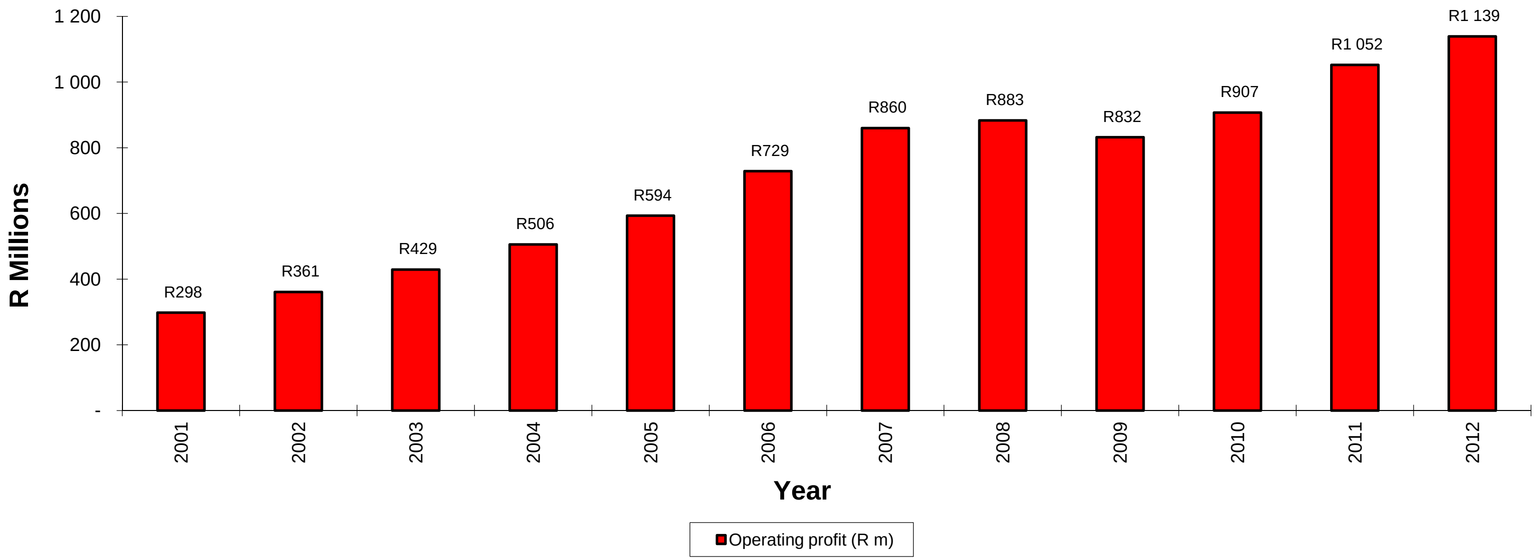
- Overview of Results
- Debtor Analysis
- Financial Results
- Outlook
- Questions

1. OVERVIEW OF RESULTS

Revenue	Gross Profit	Operating Margin	Headline Earnings per share	Final Dividend per share
R4 857m	R919 m	23.5%	882.5c	270c
+ 6.1%	38.9%	23.5%	+13.0%	+ 30.0%
LY 4 578	LY 36.3%	LY 23.0%	LY 781.1c	LY 207c

Operating Profit - History

Solid operating performance over the past 12 years – Compound annual growth of 13%



15%	18%	21%	22%	24%	25%	26%	25%	22%	22%	23%	23.5%

Operating margin %

Overview of Results

- Sales pattern for the year.

  - Furniture & appliances (83% of business) - up 4.8% (FY12)
  - Electronic sales (17% of business) - down 3.5% (FY 12)

- Stable credit/cash mix - 71.4% .

- Revenue - Insurance premiums
  - Service income

- Credit application decline rate – 33.0% (LY: 31.5%).

- Debtor costs 10.8% of net Debtors (FY11: 10.2%).

Overview of Results (Cont'd)

- Store roll out – 29 stores opened.
- Merchandise a key focus.
- New ranges launched twice a year.
- Gross profit margin improved.

	FY12	FY11	FY10
Gross profit	38.9%	36.3%	34.9%
Exchange gains/(losses)	0.6%	(0.3%)	(1.5%)
All in gross	39.5%	36.0%	33.4%

- Stock turn – 5.1 times.

Debtor Analysis

Debtor Costs

	FY12 Rm	FY11 Rm
Total Debtor costs	522	459
▪ Bad debts written off	405	336
▪ Impairment Provision	117	123
Debtor costs as a % of net debtors	10.8%	10.2%

Debtor Payment Analysis

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

Debtor's Payment Analysis			NUMBER OF CUSTOMERS 2012	NUMBER OF CUSTOMERS 2011	IMPAIRMENT PROVISION % 2012	IMPAIRMENT PROVISION % 2011
Satisfactory paid	Customers fully up to date including those who have paid 70% or more of amounts due over the contract period	**No.**	491,478	521,304		
		%	**72.1%**	**74.5%**	1%	1%
Slow payers	Customers who have paid between 70% and 65% of amounts due over the contract period	**No.**	55,791	55,439		
		%	**8.2%**	**7.9%**	26%	27%
Non-performing customers	Customers who have paid between 65% and 55% of amounts due over the contract period	**No.**	45,978	44,436		
		%	**6.7%**	**6.4%**	42%	44%
Non-performing customers	Customers who have paid 55% or less of amounts due over the contract period	**No.**	88,265	78,174		
		%	**13.0%**	**11.2%**	95%	98%
			681,512	**699,353**	18%	16.8%

- Continue to provide for the aggregate amount of insurance charges that may be impacted by the *in duplum* rule.

Financial Results

Income Statement

	FY12 Rm	FY11 Rm	%
Revenue	4 857	4 578	6.1%
Merchandise sales	2 365	2 290	3.3%
Gross profit %	38.9%	36.3%	
Operating profit	1 139	1 053	8.2%
Operating margin %	23.5%	23.0%	
Attributable earnings	801	712	12.5%
EPS (cents)	905	807	12.1%
Headline EPS (cents)	883	781	13.0%

Segmental Analysis

2012		Group	Lewis	Best Home and Electric	My Home
Revenue (Rm)		4 857	4 084	653	120
Revenue growth (%)		6.1%	6.0%	11.0%	(11.6%)
Operating profit (Rm)		1 139	985	146	8
Operating margin	FY:12	23.5%	24.1%	22.3%	7.0%
	FY:11	23.0%	23.9%	21.4%	5.0%
Number of stores		602	468	118	16

IFRS 8: OPERATING SEGMENTS

Information provided to Chief Operating decision-makers

Analysis of Costs

Excluding Debtor Costs

	FY12 Rm	FY11 Rm	Change %
Employment costs	733	693	5.7%
Admin and IT	221	208	6.3%
Marketing	185	156	17.6%
Occupancy costs	207	186	11.4%
Transport/Travel	178	148	20.6%
Depreciation	49	47	4.3%
Other operating costs	177	170	4.9%
Total	1 750	1 608	8.8%
% of revenue	36.0%	35.1%	

Balance Sheet Overview

	FY12 Rm	FY11 Rm
Property, plant and equipment	312	279
Investments	1 378	1 097
Inventory	281	256
Net Debtors	4 065	3 835
Cash	78	84
Total Assets	6 114	5 551

Shareholders' equity and reserves	4 275	3 728
Retirement benefits	64	59
Tax and Deferred Tax	115	114
Creditors	586	567
Interest-bearing borrowings	1 074	1 083
	6 114	5 551

Cash Flow

	FY12	FY11
Cash Flow - Trading	1 358	1 296
Working Capital	386	519
Cash Flow - Operations	972	777
Interest & Tax Paid	367	358
Insurance Investments	194	160
Vehicles and F&F	78	67
Dividends	330	292
	(3)	100
Opening Borrowings	999	899
Net Borrowings	996	999

Capital Ratios

	FY12	FY11
ROE – after tax (%)	20.0%	20.3%
ROCE – after tax (%)	16.7%	17.2%
ROA – before tax (%)	21.1%	21.8%
Total Dividend (cents)	442	363
Gearing ratio (%)	23.3%	26.8%

- No further share buy back planned
- Investing in store roll out/Debtor book

Outlook

Outlook

- **Financial and operating targets**

	2013	Medium-term
Gross profit margin (%)	36 – 38	36 – 38
Operating costs as a % of revenue	36 – 37	35 – 36
Debtor costs as a % of net debtors	9.5 – 10.5	8
Operating profit margin (%)	23 – 24	26
Inventory turn (times)	5 – 5.5	5 – 5.5
Gearing (%)	28 – 32	< 35

- **Merchandise**

- **Store expansion**

Questions