Annual results presentation

for the 12 months ended 31 March 2015

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Overview of results

Revenue	Operating margin	Earnings per share	Net asset value	Total dividend per share
+ 8.0%	20.0%	- 0.4%	+ 8.9%	maintained
R5 703m	R1 140m	945c	6 551c	517c
LY R5 282m	LY 21.8%	LY 949c	LY 6 012c	LY 517c

Half 1 – Half 2 comparison

	H1	% change LY	H2	% change LY	2015 Full Year	% change LY
Revenue	2 580	+1.6%	**3 123**	+ 14%	**5 703**	+ 8.0%
Merchandise sales	1 128	(3.5%)	**1 463**	+ 18%	**2 591**	+ 7.6%
Debtor costs	401	+27%	**457**	+ 18%	**858**	+ 22.2%
Operating profit	472	(9.9%)	**668**	+ 6%	**1 140**	(1.2%)
Attributable earnings	340	(10.5%)	**499**	+ 8%	**839**	(0.3%)

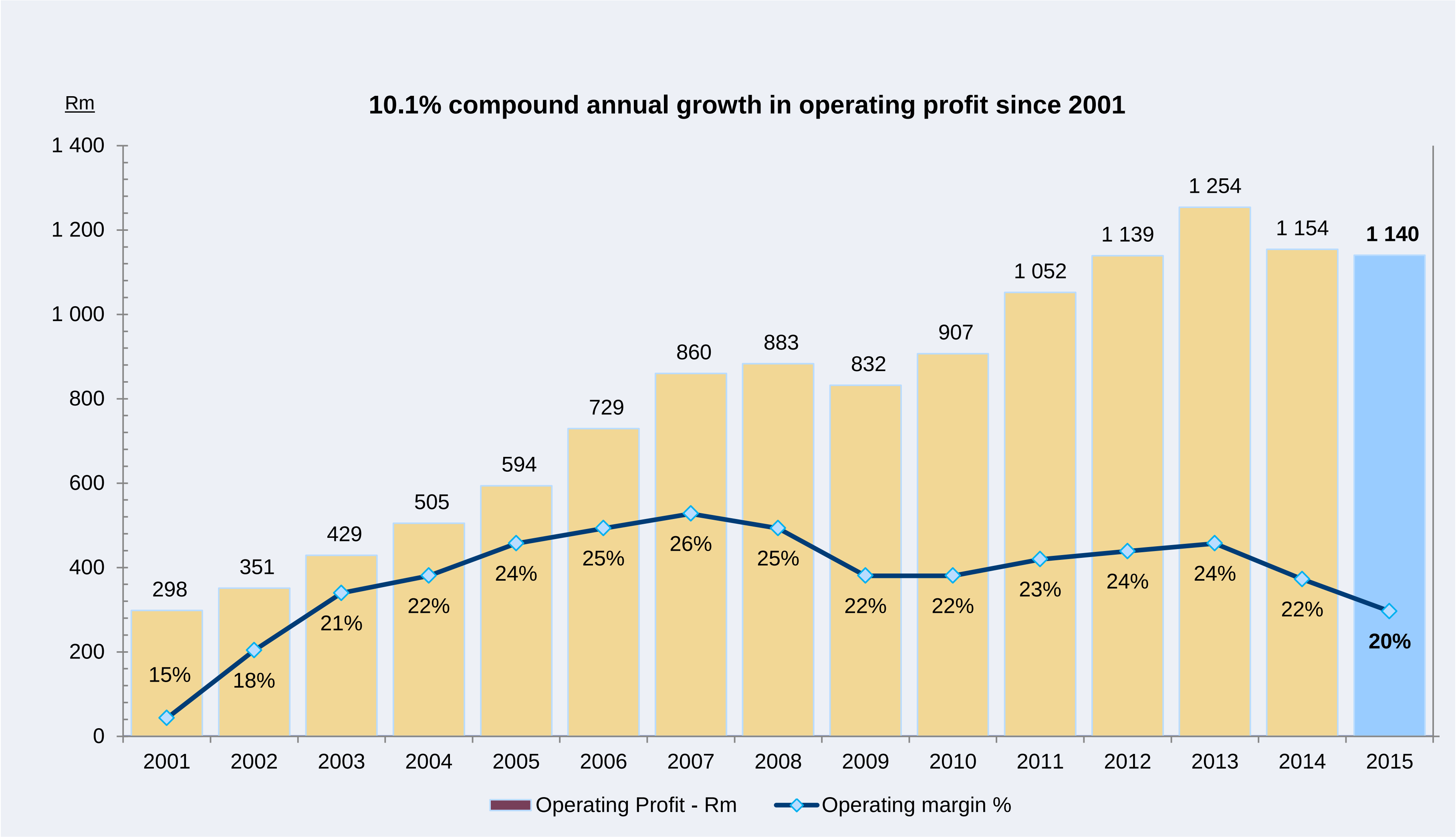
Overview of results

- Sales pattern for the year
  - Furniture & appliances (81.3% of business) - up 7.5%
  - Electronic sales (18.7% of business) - up 8.7%
- Credit application decline rate 40.2% (LY: 38.4%)
- Credit sales mix – 69.1% (LY 72.3%)
- Debtor costs 13% of net debtors (LY: 11.6%)
- Expenses well controlled

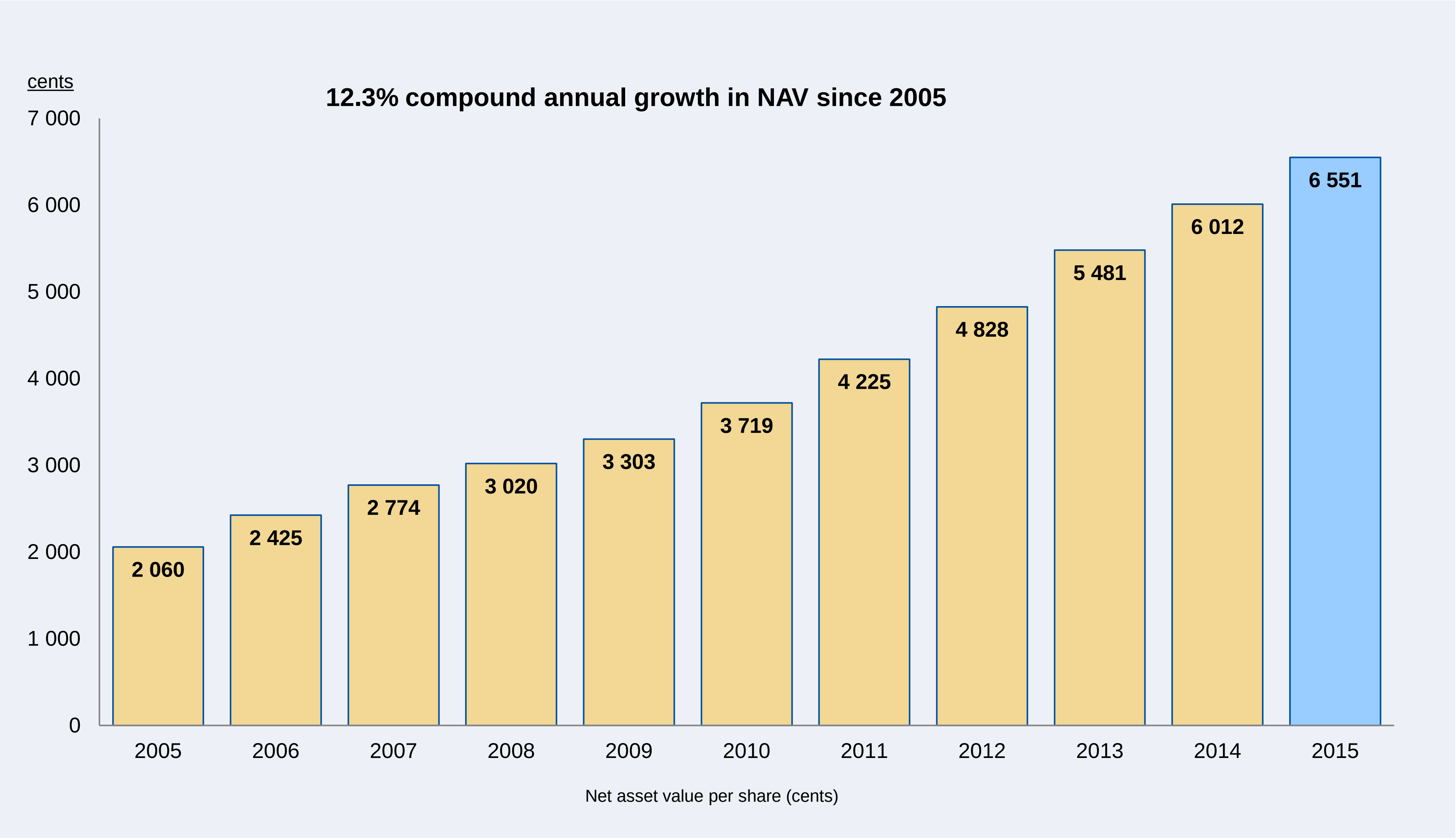
Overview of results

- Acquired the Beares brand and 61 stores – integrated from 2nd week Dec 2014
- Store roll out - 26 new stores opened
  - 75 stores refurbished
- Merchandise a key focus
- Solid gross profit margin at 36.6% despite aggressive discounting by competitors
- Resilient Lewis business model

Operating profit history



Net asset value per share



Debtor analysis

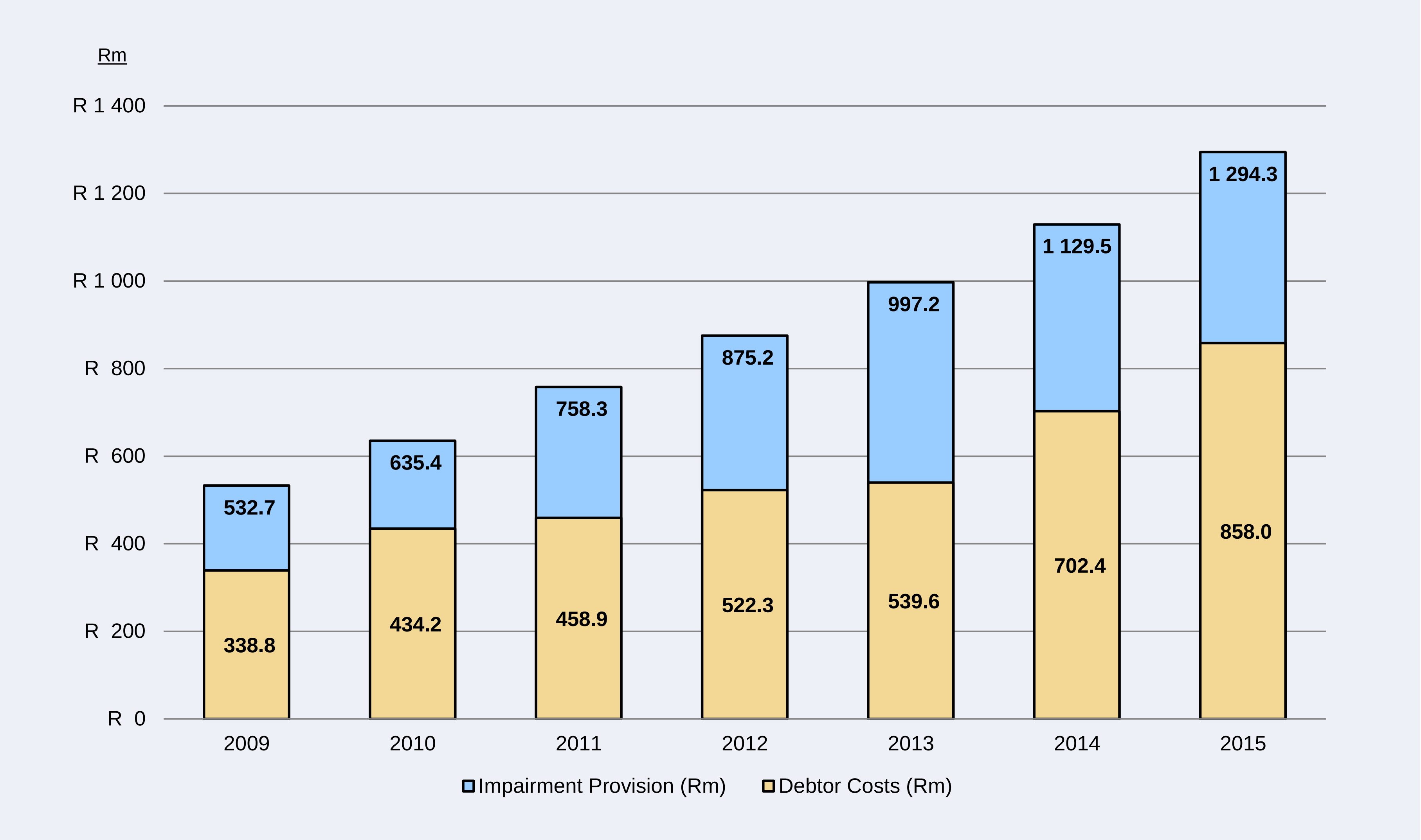
Debtor costs

	FY15 Rm	FY14 Rm
Total debtor costs (+22.2%)	**858**	702
▪ Bad debts written off	**693**	570
▪ Impairment provision	**165**	132
Debtor costs as a % of net debtors	**13.0%**	11.6%

Debtor payment analysis

Debtor's Payment Analysis		Number of Customers		Distribution of Impairment provision		
		2015	2014		**2015**	2014
Satisfactory paid: Customers fully up to date, including those who have paid 70% or more of amounts due over the contract period. The provision in this category results from an *in duplum* provision	No %	**473 901** **68.7%**	463 048 68.3%	Rm %	**21.1** **1.6%**	22.9 2.0%
Slow Payers: Customers who have paid 65% to 70% of amounts due over the period of the contract. The provision in this category ranges from 12% to 74% of Debtors and includes an *in duplum* provision (LY: 12% to 79%)	No %	**56 347** **8.2%**	56 876 8.4%	Rm %	**140.4** **10.9%**	121.3 10.8%
Non-performing customers: Customers who have paid 55% to 65% of amounts due over the period of the contract. The provision in this category ranges from 23% to 87% of Debtors (LY: 23% to 90%)	No %	**52 433** **7.6%**	51 640 7.6%	Rm %	**199.6** **15.4%**	180.0 15.9%
Non- performing customers: Customers who have paid 55% or less of amounts due over the contract period. The provision in this category ranges from 32% to 100% of Debtors (LY: 33% to 100%)	No %	**107 167** **15.5%**	106 545 15.7%	Rm %	**933.2** **72.1%**	805.3 71.3%
Totals	No	**689 848**	678 109	Rm	**1 294.3**	1129.5
Total impairment provision as a % of net debtors				%	**19.7%**	18.6%

Debtor costs vs. impairment provision (Rm)



Financial results

Income statement

		FY15	FY14	%
Revenue	Rm	**5 703**	5 282	8.0%
Merchandise sales	Rm	**2 591**	2 409	7.6%
Gross profit margin	%	**36.6**	36.7	
Operating profit	Rm	**1 140**	1 154	(1.2%)
Operating margin	%	**20.0**	21.8	
Attributable earnings	Rm	**839**	842	(0.3%)
EPS	cents	**945**	949	(0.4%)
Headline EPS	cents	**883**	921	(4.1%)

Segmental analysis

2015		Group	Lewis	Best Home and Electric	Beares My Home
Revenue	Rm	5 703	4 688	802	213
Revenue growth	%	8.0	6.6	6.1	69.1
Operating profit	Rm	1 140	965	169	6
Operating margin	%	20.0	20.6	21.1	2.7
Number of stores		716	508	129	79

Analysis of costs

(excluding debtor costs)

	FY15 Rm	FY14 Rm	**%**
Employment costs	**881**	819	7.6%
Admin and IT	**241**	217	11.0%
Marketing	**177**	173	2.3%
Occupancy costs	**274**	245	11.6%
Transport / Travel	**216**	193	12.0%
Depreciation	**64**	58	9.0%
Other operating costs	**208**	196	6.7%
Total	**2 061**	1 901	8.4%
% of revenue	**36.1%**	36.0%	

Balance sheet

Assets	**FY15 Rm**	FY14 Rm
Property, plant and equipment	**353**	327
Trademark	**60**	-
Retirement benefit asset	**77**	80
Investments	**1 843**	1 699
Inventory	**420**	325
Debtors	**5 396**	5 079
Cash	**222**	480
Total Assets	**8 371**	7 990
Equity and liabilities		
Shareholders equity and reserves	**5 824**	5 342
Retirement benefit liability	**106**	93
Tax and deferred tax	**213**	181
Creditors	**654**	617
Interest-bearing borrowings	**1 574**	1 758
Total equity and liabilities	**8 371**	7 990

Capital ratios

	FY15	FY14
ROE – after tax (%)	**15.0%**	16.5%
ROCE – after tax (%)	**12.8%**	13.6%
ROA – before tax (%)	**15.7%**	16.8%
Gearing ratio (%)	**23.2%**	23.9%
Total dividend (cents)	**517c**	517c

Continued investment in store roll-out and growing the Beares debtors book

Regulatory update

Regulatory update

- Affordability assessment regulations effective March 2015
  - No implementation period allowed for
  - Credit industry requested time to comply to configure systems and train staff
  - Awaiting regulatory feedback
  - Expected impact on the group not material
- Industry response to technical report on SA consumer credit insurance market submitted in September 2014
  - Awaiting regulatory feedback

Financial targets and Outlook

Financial and operating targets

Performance indicators	Achieved 2015	Target 2015	**Target 2016**	Medium-term targets
Gross profit margin (%)	36.6	37 - 38.5	**37 - 38.5**	37.5 - 38.5
Inventory turn (times)	3.9	5 - 5.5	**5**	5
Debtor costs as a percentage of net debtors	13.0	11.5 - 13.5	**12 - 14**	10 - 12
Satisfactory paid customers (%)	68.7	66 - 70	**66 - 70**	70 - 72
Operating profit margin (%)	20	21 - 23	**19 - 21**	22 - 24
New store openings	26	20 - 25	**25 - 30**	20 - 25
Credit sales as a percentage of total sales	69.1	70 - 75	**68 - 70**	68 - 70
Operating costs as a percentage of revenue (excluding debtor costs)	36.1	36 - 37	**36.5 - 37.5**	36 - 37
Gearing (%)	23.2	30 - 34	**30 - 34**	< 35
Dividend payout ratio (%)	60.4	50 - 55	**50 - 55**	50 - 55

Outlook

- Challenging trading environment
- Shifting competitive landscape
- Beares expansion
- Store expansion – Lewis
- Merchandise
- Management of the debtors book a top priority
- Proven business model

Questions