Annual results presentation

for the year ended 31 March 2016

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Overview of results

Revenue	Gross Profit	Operating margin	Headline earnings per share	Total dividend per share
+ 2.2%	38.0%	14.1%	(26.5%)	maintained
R5 785m	R1 015	R 815m	622c	517c
LY R5 661m	LY 36.6%	LY 19.4%	LY 845c	LY 517c

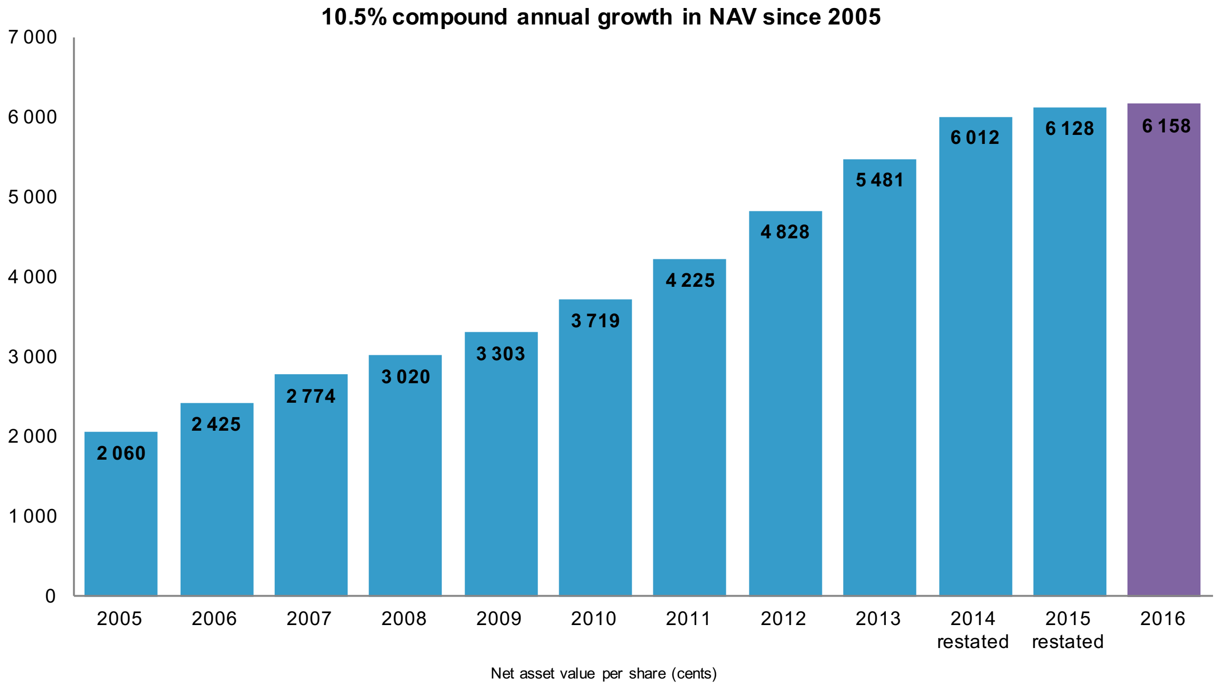
Overview of results

- Sales pattern for the year
  - Furniture & appliances (82.3% of business) - up 4%
  - Electronic sales (17.7% of business) - down 3.1%
- Credit application decline rate 39.3% (LY: 40.2%)
- Credit sales mix – 64.3% (LY 69.1%)
- Debtor costs 17.1% of net debtors (LY: 15.3%)
- Expenses well controlled

Overview of results

- Recently acquired 56 stores in four Southern African countries
- Footprint increased by 44 stores in FY16, with 26 further stores added in April / May 2016
- Merchandise a key focus
- Solid gross profit margin at 38.0% despite aggressive discounting by competitor closing stores
- Realisation of Monarch Bond and Equity portfolio

Net asset value per share



Debtor analysis

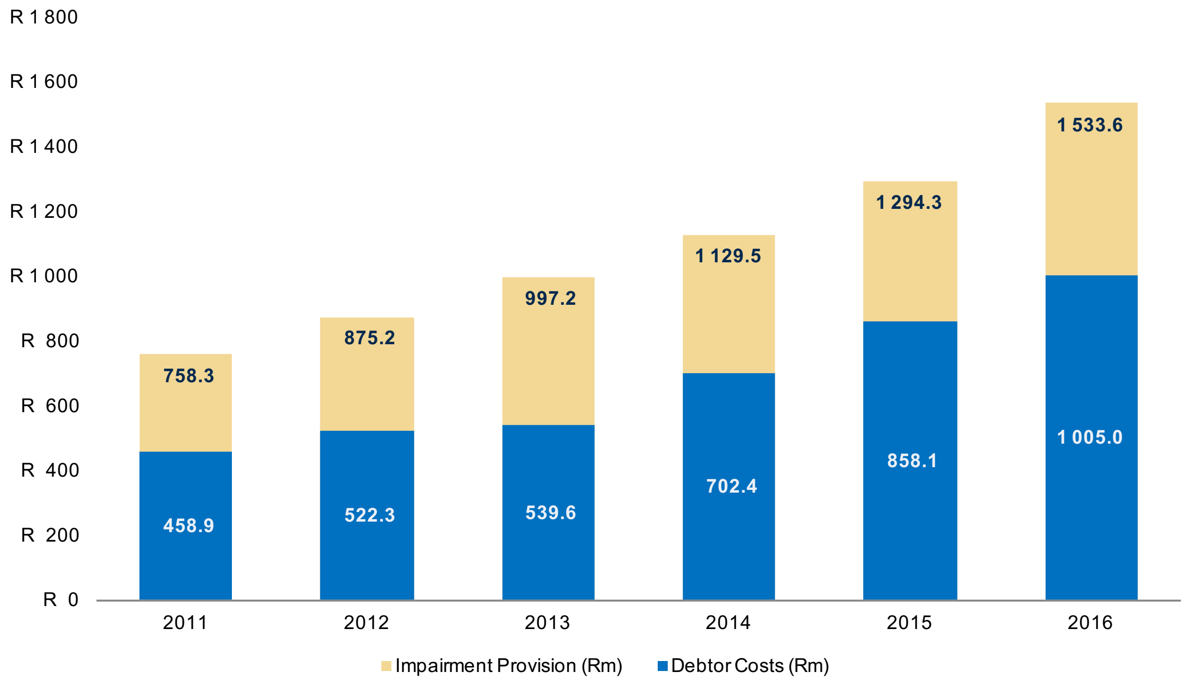
Debtor performance

		FY16	FY15
Collections			
Collections from instalment sales (+4%)	Rm	**4 067**	3 912
Actual collections achieved			
As a % of one contract instalment per customer per month		**73.3%**	73.7%
Contractual arrears		**36.7%**	32.9%
Debtor Costs			
Total debtor costs (+17.1%)	Rm	**1 005**	858
▪ Bad debts written off	Rm	**766**	693
▪ Impairment provision	Rm	**239**	165
Debtor costs as a % of net debtors	%	**17.1**	15.3

Debtor payment analysis

Debtor's Payment Analysis		Number of Customers		Distribution of Impairment provision		
		2016	2015		**2016**	2015
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 %	**459 390** **68.8%**	473 901 68.7%	Rm %	**38.3** **2.5%**	21.1 1.6%
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 13% to 72% of Debtors and includes an *in duplum* provision (LY: 12% to 74%)	No %	**54 507** **8.1%**	56 347 8.2%	Rm %	**176.2** **11.5%**	140.4 10.9%
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 24% to 86% of Debtors (LY: 23% to 87%)	No %	**50 690** **7.6%**	52 433 7.6%	Rm %	**242.0** **15.8%**	199.6 15.4%
Non-performing customers: Customers who have paid 55% or less of amounts due over the contract period. The provision in this category ranges from 34% to 100% of Debtors (LY: 32% to 100%)	No %	**103 495** **15.5%**	107 167 15.5%	Rm %	**1077.0** **70.2%**	933.2 72.1%
Totals	No	**668 082**	689 848	Rm	**1 533.6**	1 294.3
Total impairment provision as a % of net debtors				%	**26.1%**	23.1%

Debtor costs vs. Impairment provision (Rm)



Financial results

Income statement

		FY16	FY15	%
Revenue	Rm	**5 785**	5 661	2.2%
Merchandise sales	Rm	**2 668**	2 591	2.9%
Gross profit margin	%	**38.0**	36.6	
Operating profit	Rm	**815**	1 098	(25.7%)
Operating margin	%	**14.1**	19.4	
Attributable earnings	Rm	**961**	806	19.3%
EPS (Investment Income up R453m)	cents	**1 083**	908	19.3%
Headline EPS	cents	**622**	845	(26.5%)

Segmental analysis

2016		Group	Lewis	Best Home and Electric	Beares
Revenue	Rm	5 785	4 565	793	427
Revenue growth	%	2.2	(1.7)	(1.1)	100
Operating profit	Rm	815	700	143	(28)
Operating margin	%	14.1	15.3	18	(6.6)
Number of stores		760	526	127	107

Analysis of costs (excluding debtor costs)

	FY16 Rm	FY15 Rm	%
Employment costs	**946**	881	7.4%
Admin and IT	**275**	241	13.9%
Marketing	**192**	177	8.7%
Occupancy costs	**329**	274	20.3%
Transport / Travel	**224**	216	3.9%
Depreciation	**86**	64	34.2%
Other operating costs	**260**	208	24.7%
Total	**2 312**	2 061	12.2%
% of revenue	**40.0%**	36.4%	
Total costs in Lewis and Best	**2 064**	1 972	4.7%
% of revenue excluding Beares	**38.5%**	36.2%	

Balance sheet

Assets	FY16 Rm	FY15 Rm
Property, plant and equipment and trademarks	**431**	413
Investments	**1 669**	1 844
Inventory	**445**	420
Trade and other receivables	**4 514**	4 413
Prepaid insurance premiums (Note 1)	**1 185**	1 485
Cash	**587**	222
Total Assets	**8 831**	8 797
Equity and liabilities		
Shareholders equity and reserves	**5 449**	5 449
Tax and other liabilities (net)	**(16)**	97
Trade and other payables	**270**	283
Insurance and reinsurance liabilities (Note 2)	**1 153**	1 394
Interest-bearing borrowings	**1 975**	1 574
Total equity and liabilities	**8 831**	8 797

1) Prepaid insurance premiums removed from Trade receivables and reflected separately.
2) Unearned insurance premiums now included under insurance and reinsurance liabilities.

Restatements – Balance sheet

	FY16 Rm	FY15 Rm
Refund of premiums and interest	**(56.7)**	(54.6)
Insurance accounting	**(130.0)**	(162.9)
Maintenance contracts	**(166.0)**	(169.1)
Effect on total assets	**(352.7)**	(386.6)
Reinsurance accounting	**153.7**	134.7
Taxation	**(141.7)**	(145.9)
Effect on total liabilities	**12.0**	(11.2)
Effect on net asset value	**(364.7)**	(375.4)

Restatements – Income statement

	FY16 Rm	FY15 Rm
Refund of premiums and interest	**(2.0)**	(5.4)
Insurance and reinsurance accounting	**13.9**	0.4
Maintenance contracts	**3.0**	(41.1)
Profit before taxation	**14.9**	(46.1)
Taxation	**(4.2)**	12.9
Effect on attributable profit	**10.7**	(33.2)
Increase (decrease) in diluted earnings per share	**12.0 cents**	(37.0 cents)

Capital ratios

	FY16	FY15
ROE – after tax (%)	**17.6%**	15.4%
ROCE – after tax (%)	**14.7%**	13.0%
ROA – before tax (%)	**15.8%**	15.9%
Gearing ratio (%)	**25.5%**	24.8%
Total dividend (cents)	**517c**	517c

Regulatory update

Regulatory update

- Affordability assessment regulations adopted in July 2015

- National Credit Regulator referrals to the National Credit Tribunal
  - Loss of employment and disability cover
  - Club and maintenance contracts

- 28 Customer lawsuits
  - delivery charges and maintenance contracts

- Cap on credit life insurance

Outlook

Financial and operating targets

Performance indicators	Achieved 2016	Target 2016	Target 2017	Medium-term targets
Gross profit margin (%)	38.0	37 - 38.5	39 - 41	41 - 43
Debtor costs as a percentage of net debtors	17.1	12 - 14	16 - 18	14 - 16
Satisfactory paid customers (%)	68.8	66 - 70	66 - 70	70 - 72
Operating profit margin (%)	14.1	19 - 21	12 - 15	15 -18
New store openings	44	25 - 30	10 - 15	10 - 15
Credit sales as a percentage of total sales	64.3	68 - 70	63 - 66	63 - 66
Operating costs as a percentage of revenue (excluding debtor costs)	40.0	36.5 - 37.5	40 - 42	37 - 39
Gearing (%)	25.5	30 - 34	25 - 30	< 35

Outlook

- Strong Balance Sheet – low levels of gearing
- Challenging trading environment
- Shifting competitive landscape
- Rest of Africa acquisition
- Monarch Insurance – change in the business model
  - › Monthly business
  - › Capital base
- Merchandise
- Management of the debtors book

Questions