RESULTS PRESENTATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

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Overview of results

Revenue	Gross profit	Operating profit margin	Earnings per share	Interim dividend
R2.8 bn + 8.3%	36.4%	14.7%	335c	Maintained at 215c
LY R2.6 bn	LY 36.9%	LY 18.4%	LY 384c	LY 215c

Overview of results

- Sales patterns since year end
  - Furniture & appliances (81% of business – up 8.9%)
  - Electronics (19% of business – up 8.8%)
- Credit application decline rate 41% (LY:41%)
- Credit sales at 65.9% (LY:69.7)
- Debtor costs as a % of net debtors 7.4% (LY:6.8%)

Overview of results

- Beares now trades out of 84 stores
- Small format Lewis stores – 178
- Exclusivity of merchandise

DEBTOR ANALYSIS

Debtor costs

	H1/2016 Rm	H1/2015 Rm
Total debtor costs (16.7% up)	**468**	401
▪ Bad debts written off	**244**	209
▪ Impairment provision	**224**	192
Debtor costs as a % of net debtors	**7.4%**	6.8%

Debtor payment analysis

Debtor's Payment Analysis		NUMBER OF CUSTOMERS			DISTRIBUTION OF IMPAIRMENT PROVISION			
			H1/2016	H1/2015		**H1/2016**	H1/2015	**March 2015**
Satisfactory paid	Customers who have paid 70% or more of amounts due over the contract period. The provision in this category results from the *in duplum* provision.	**No.**	**471 067**	462 625	**Rm**	**29.8**	22.6	**21.1**
		%	**68.1%**	67.9%	**%**	**1.9%**	1.7%	**1.6%**
Slow payers	Customers who have paid 65% to 70% of amounts due over the contract period. The provision in this category ranges from **12% to 72%** of amounts due and includes an *in duplum* provision (LY: 11% to 74%).	**No.**	**55 647**	53 912	**Rm**	**155.8**	127.7	**140.4**
		%	**8.1%**	7.9%	**%**	**10.3%**	9.7%	**10.8%**
Non performing customers	Customers who have paid 55% to 65% of amounts due over the contract period. The provision in this category ranges from **23% to 84%** of amounts due (LY: 22% to 85%).	**No.**	**50 641**	49 971	**Rm**	**212.7**	189.3	**199.6**
		%	**7.3%**	7.3%	**%**	**14.0%**	14.3%	**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 **31% to 100%** of amounts due (LY: 27% to 100%).	**No.**	**113 869**	115 220	**Rm**	**1 120.2**	981.5	**933.2**
		%	**16.5%**	16.9%	**%**	**73.8%**	74.3%	**72.1%**
Totals			**691 224**	681 728	**Rm**	**1 518.5**	1 321.1	**1 294.3**
Total impairment provision % of net debtors					**%**	**24.1%**	22.3%	**20.9%**

FINANCIAL RESULTS

Income statement

Lewis Group Ltd

	H1/2016 Rm	H1/2015 Rm	%
Revenue (Rm)	**2 798**	2 583	8.3%
Merchandise sales (Rm)	**1 227**	1 128	8.8%
Gross profit margin (%)	**36.4%**	36.9%	
Operating profit (Rm)	**410**	475	(13.6%)
Operating profit margin (%)	**14.7%**	18.4%	
Attributable earnings (Rm)	**298**	341	(12.6%)
EPS (cents)	**335**	384	(12.7%)
Headline EPS (cents)	**323**	373	(13.4%)

Segmental analysis

	Group	Lewis	Best	Beares
Revenue (Rm)	**2 798**	2 226	382	190
Revenue growth (%)	**8.3%**	3.8%	2.1%	195%
Operating profit (Rm)	**410**	362	71	(23)
Operating margin H1:16	**14.7%**	16.3%	18.5%	(12.0%)
H1:15	**18.4%**	18.5%	19.3%	9.1%
Number of stores H1:16	**724**	512	128	84

Analysis of costs

	H1/2016 Rm	H1/2015 Rm	Change %
Employment costs	**476**	421	13.0%
Admin and IT	**127**	111	14.6%
Marketing	**104**	95	9.1%
Occupancy costs	**160**	127	25.6%
Transport/Travel	**110**	103	6.8%
Depreciation	**45**	34	34.0%
Other operating costs	**117**	104	12.8%
Total Operating costs	**1 139**	995	14.5%
% of revenue	**40.7%**	38.5%	
Total costs in Lewis and Best	**1 022**	971	5.3%
% of revenue excluding Beares	**39.2%**	38.5%	

Balance sheet overview

	H1/2016 Rm	H1/2015 Rm
Property, plant and equipment	**362**	329
Trademark	**59**	-
Investments	**1 814**	1 714
Inventory	**519**	425
Tax and Deferred Tax - net	**30**	(2)
Net Debtors	**4 901**	4 744
Cash	**247**	268
Total assets	**7 932**	7 478
Shareholders'equity and reserves	**5 421**	5 097
Retirement benefits - net	**31**	20
Creditors and re-insurance liabilities	**734**	784
Interest - bearing borrowings	**1 746**	1 577
Total equity and liabilities	**7 932**	7 478

Capital ratios

	H1/2016	H1/2015
ROE – after tax (%)	**11.0%**	13.6%
ROCE – after tax (%)	**9.6%**	11.4%
ROA – before tax (%)	**11.8%**	14.2%
Interim dividend declared (cents)	**215**	215
Gearing ratio (%)	**27.6%**	25.7%

ACCOUNTING MATTERS

Accounting Matters - Restatement - Income Statement

	H1/2016 Rm	H1/2015 Rm	FY15 Rm
Refund of premiums and interest	(2.1)	(2.9)	(5.4)
Insurance and re-insurance accounting	0.5	17.1	0.4
Maintenance contracts	2.2	(12.8)	(41.1)
Profit before taxation	0.6	1.4	(46.1)
Taxation	(0.2)	(0.4)	12.9
Effect on attributable profit	0.4	1.0	(33.2)
Increase / (decrease) in diluted earnings per share	0.4 cents	1.1 cents	(37.0 cents)

Accounting Matters - Restatement - Balance Sheet

	H1/2016 Rm	H1/2015 Rm	FY15 Rm
Refund of premiums and interest	(56.8)	(52.1)	(54.6)
Insurance accounting	(144.3)	(162.0)	(162.9)
Maintenance contracts	(166.9)	(140.7)	(169.1)
Effect on total assets	(368.0)	(354.8)	(386.6)
Reinsurance accounting	152.7	119.0	134.7
Taxation	(145.7)	(132.6)	(145.9)
Effect on total liabilities	7.0	(13.6)	(11.2)
Effect on net asset value	(375.0)	(341.2)	(375.4)

REGULATORY UPDATE

Regulatory update

- Referral to National Consumer Tribunal
  - NCR referred Lewis and Monarch to the National Consumer Tribunal
  - Alleged mis-selling of loss of employment insurance to pensioners and self-employed customers
  - Internal investigation launched
  - Identified instances of such mis-selling
  - Human error and contrary to the group's policies which prohibit the sale of such cover to customers
  - Currently refunding premiums together with interest to affected customers
  - No date set for pre-hearing

Regulatory update

- Affordability assessment regulations
  - Early adopted in July 2015
  - Three payslips / bank statements requirement
  - Minimum monthly expense table

- Capping of credit life insurance
  - Regulator not yet engaged with industry to discuss

OUTLOOK

Outlook

Financial and operating targets	Actual H1/2016	Target 2016
Gross profit margin (%)	**36.4%**	37 - 38.5
Operating costs as a % of revenue	**40.7%**	36.5 - 37.5
Debtor costs as a % of net debtors	**7.4%**	12 - 14
Credit sales as a % of total sales	**65.9%**	68 - 70
Operating profit margin (%)	**14.7%**	19 - 21
Satisfactory paid customers (%)	**68.1%**	66 - 70
Gearing (%)	**27.6%**	30 - 34

Outlook

- Trading outlook

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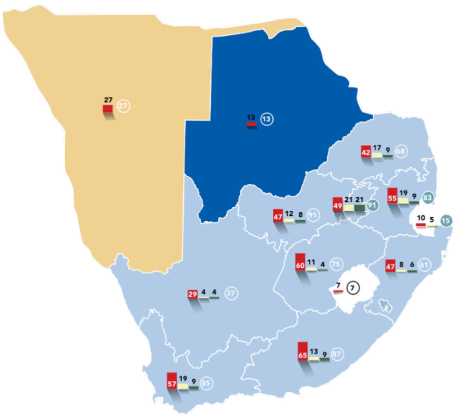

QUESTIONS