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ANALYST PRESENTATION

FOR THE HALF YEAR ENDED SEPTEMBER 2009

Agenda

Overview of the economy and retail environment	Doug Murray
Review of the period	Doug Murray
Financial overview	Doug Murray
Financial review	Ronnie Stein
Divisional review	Doug Murray
Financial services	Peter Meiring
Supply chain project	Martin Mendelsohn
Outlook	Doug Murray
Questions	All

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Overview of the economy and retail environment

Overview of the economy and retail environment

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- Consumer remains under significant strain
- The deterioration in consumer sentiment can be ascribed to job losses, shorter working hours and sharp increase in electricity prices
- Whilst some economies have started to reverse their downward trend, the South African domestic economy is still contracting
- South Africa's GDP declined for the third consecutive quarter during 2009 q2, contracting by 3%
- Overall household consumption expenditure declined by 5,8% during 2009 quarter 2 – the weakest performance since 1985
- Acceleration of job losses in third quarter to 484 000

Overview of the economy and retail environment

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On the positive side:

- Reported rebound in world economic growth
- SARB leading economic indicator, which projects future economic conditions, rose for the fifth consecutive month in August
- Interest rates have reduced by 5% since December 2008
- Real wage increases awarded in many sectors
- Inflation on the decline
- Indications that a number of banks have started to ease their lending criteria
- Large infrastructure spending programme in place and will continue beyond 2010
- Hosting of FIFA World Cup 2010 will boost spending

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Review of the period

Review of the period

- Our group trades in the mass-middle market space and our customers are impacted significantly by the current economic environment
- Trading remains volatile with no clear trend in trading pattern
- Gross margins maintained
- Clothing growth satisfactory
  - Foschini stores turnaround strategy reflecting good performance with 15% turnover growth and 10% same store growth
- Jewellery division showing acceptable performance
- Cellphone turnover disappointing
- RCS Group performed far better

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Financial overview half-year to September 2009

Financial overview half-year to September 2009

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- Group turnover up 7,9% to R4,1 billion
- Operating profit before finance charges: up 6,4%
- Profit before tax of R754,6 million: up 3,7%
- Diluted headline earnings per share up 1,8% to 231,9 cents
- Headline earnings per share up 1,5% to 232,9 cents
- Weighted average ordinary shares: 207,7 million, up from 204,6 million
- Operating margin down marginally to 21,9% from 22,2%
- Interim dividend maintained at 118,0 cents per share
- Recourse gearing of 19,9%

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Financial review

Financial review: half-year to September 2009

Income Statement for the period ended	September 2009 (Rm)	September 2008 (Rm)	% change
Retail turnover	4 072,7	3 773,3	7,9
Cost of turnover	(2 392,9)	(2 213,8)	
Gross profit	**1 679,8**	**1 559,5**	
Interest received	721,9	602,6	
Dividends received	7,2	3,9	
Other revenue	343,3	283,2	
Trading expenses	(1 862,0)	(1 612,7)	
Operating profit before finance charges	**890,2**	**836,5**	**6,4**
Interest paid	(135,6)	(109,2)	
Income from associate	-	0,2	
Profit before tax	**754,6**	**727,5**	**3,7**
Income tax expense	(236,9)	(232,3)	
Profit for the period	**517,7**	**495,2**	
Attributable to:			
Equity holders of Foschini Limited	483,7	469,5	3,0
Minority interest	34,0	25,7	
HEPS (cents)	232,9	229,5	1,5
Diluted HEPS (cents)	231,9	227,7	1,8

Revenue

	September 2009 (Rm)	September 2008 (Rm)	% Growth
Retail turnover	4 072,7	3 773,3	7,9
Interest received	721,9	602,6	19,8
Dividends received	7,2	3,9	84,6
Other revenue	343,3	283,2	21,2
Group total	**5 145,1**	**4 663,0**	**10,3**

- Tough economic climate for retail turnover
- Interest received up 19,8% and other revenue nevertheless maintained higher growths
- Other revenue growth 21,2%
    - Club income + 16,7%
    - Insurance income + 36,2%
    - Cellular income – one2one airtime product + 36,1%
    - These products should have accelerated growth in a better economy

Retail turnover by merchandise category

	September 2009 (Rm)	September 2008 (Rm)	% Growth	% Same store growth
Clothing	2 758,0	2 480,2	11,2	4,6
Jewellery	448,3	462,2	(3,0)	(6,2)
Cellphones	312,0	360,4	(13,4)	(15,9)
Cosmetics	292,6	250,3	16,9	12,7
Homeware & furniture	261,8	220,2	18,9	(5,3)
Total	**4 072,7**	**3 773,3**	**7,9**	**1,2**

- Clothing growth satisfactory particularly Foschini and sports division
- Jewellery showing acceptable performance
- Cellphone turnover disappointing
  - Shortage of stock
  - RICA slows turnover
- Cosmetics growth good
- Homeware & furniture performed satisfactory
- Product inflation for the period of approximately 8%

Gross profit

	September 2009	September 2008
Gross profit (Rm)	1 679,8	1 559,5
Gross margin (%)	41,3	41,3

- Input margin constant
- Markdowns well controlled
- Stock levels budgeted conservatively for Christmas

Interest received

	September 2009 (Rm)	September 2008 (Rm)	% growth
Trade receivables – retail	309,7	245,0	26,4
Loan receivables	185,2	141,4	31,0
Private label card receivables	219,7	210,1	4,6
Sundry – retail	4,3	4,7	
Sundry – RCS Group	3,0	1,4	
Total	**721,9**	**602,6**	**19,8**

- Increase in interest received driven by higher average books
- Take-up of 12-month account for new customers increased the retail trade receivable yield
- Peter Meiring will deal with this in more detail in his section

Trading expenses

	September 2009 (Rm)	% to turnover 2009	September 2008 (Rm)	% to turnover 2008	% growth
Depreciation and amortisation	(128,3)	3,2	(110,7)	2,9	15,9
Employee costs	(640,6)	15,7	(558,9)	14,8	14,6
Store occupancy costs	(381,8)	9,4	(310,9)	8,2	22,8
Other occupancy costs	(11,2)	0,3	(3,4)	0,1	
Other operating costs	(352,4)	8,6	(356,8)	9,5	(1,2)
	(1 514,3)	**37,2**	**(1 340,7)**	**35,5**	**13,0**
Net bad debts – retail	(172,9)	4,3	(113,8)	3,0	51,9
Net bad debts – RCS Group	(174,8)	4,3	(158,2)	4,2	10,5
Total trading expenses	**(1 862,0)**	**45,7**	**(1 612,7)**	**42,7**	**15,5**

- Expenses before bad debts well controlled at 13,0%, pushed up by employee and store occupancy costs relating to new stores
- Store occupancy costs:
  - normal lease escalations averaged 8%
  - the balance is made up of new stores (13,9% growth in floor space last year)
- Bad debts will be dealt with by Peter Meiring

Employee costs

	September 2009	September 2008	% growth
Employee costs: normal – retail (Rm)	572,2	495,8	15,4
Employee costs: normal – RCS Group (Rm)	59,8	50,5	18,4
Employee costs: bonuses and restraints payments (Rm)	1,6	0,7	
Employee costs: share-based payments (Rm)	7,0	11,9	(41,2)
Total employee costs	**640,6**	**558,9**	**14,6**
% to retail turnover	15,7	14,8	

- Staff increases this year were 7,0%, balance being in respect of new store staff
- RCS Group employee costs elevated because of the acquisition of the Massdiscounters' credit business

Interest paid

	September 2009 (Rm)	September 2008 (Rm)	% growth
Interest paid	135,6	109,2	24,2

- Increase due to higher borrowing levels of retail: R10,6 million
  - Increase in retail debtors and fixed assets for new stores
- Increase due to higher borrowing levels of RCS Group: R15,8 million
- R102,2 million relates to funding of RCS Group
- R33,4 million relates to funding of retail

Segmental analysis

	September 2009 (Rm)	September 2008 (Rm)	% change
Retail	648,6	630,1	2,9
RCS Group	106,0	97,4	8,8
Total profit before tax	**754,6**	**727,5**	**3,7**

- RCS Group contribution to PBT (before minorities) = 14,1% (vs. 13,4% in September 2008)
- RCS Group now on recovery path
  - Still starved of new capital
  - Down 24,9% last year
  - Putting new funding in place, but Peter Meiring will deal with this in more detail

Balance sheet

- Our group's balance sheet remains strong
- Advantageous when in tough trading conditions
- The next few slides deal with key elements of our balance sheet

Stock and creditors

	September 2009 Rm	September 2008 Rm	% growth
Stock of merchandise	1 367,7	1 204,5	13,6

- Stock up 13,6%
- Last year we were under-stocked particularly Foschini division
- Levels very tightly managed going into Christmas, because of the tough economic environment

	September 2009 Rm	September 2008 Rm	% growth
Trade and other payables	1 215,6	894,0	36,0

- Creditors at March 2009 were R1 252,5 million.
- Last half year trade creditors of R329,6 million were paid prior to the period-end - timing issue.

  Comparable creditors are R1 223,6 million.
- Creditors terms remain 30 days from statement

Trade receivables

	September 2009 Rm	September 2008 Rm	% growth
Loan receivables	1 052,5	837,9	25,6
Private label card receivables	1 527,3	1 359,0	12,4
RCS Group	**2 579,8**	**2 196,9**	**17,4**
Trade receivables – retail	**2 923,0**	**2 467,5**	**18,5**
Total receivables	**5 502,8**	**4 664,4**	**18,0**

- Total receivables on balance sheet amount to R5,5 billion of which R2,6 billion relates to RCS Group
- All receivables remain on balance sheet – no securitization
- Still our intention to reduce in the future our holding in RCS Group to below 50% and therefore no need to consolidate
- Peter Meiring will deal in more detail with the performance of our receivables

Borrowings and non-controlling interest loans

	September 2009	September 2008	% growth
Interest-bearing debt and non-controlling interest loans	2 227,9	2 014,1	10,6
Less: Preference share investment	(200,0)	(200,0)	-
Less: Cash	(215,8)	(68,7)	214,1
Net borrowings	1 812,1	1 745,4	3,8
Less: SBSA loan to RCS Group (non-controlling interest loan)	(664,7)	(668,5)	(0,6)
	1 147,4	1 076,9	6,5
Less: non-recourse debt	(150,0)	-	
Recourse borrowings	997,4	1 076,9	(7,4)
Less: Foschini funding of RCS Group	(835,0)	(770,0)	8,4
Retail borrowings	162,4	306,9	(47,0)

- Gearing of 36,1% (September 2008: 40,6%)
- Recourse gearing of 19,9% (September 2008: 25,1%) – this is our real gearing
- Retail gearing of 3,2% (September 2008: 7,1%)
- Our current direct funding of RCS Group is R835 million which should not increase
- R800 million of our group's gearing remains fixed for a further two years with a further R100 million fixed for one year

Cash generation and utilisation

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	Rm	Total Rm
Net borrowings at the beginning of the period		**(1 627)**
Cash EBITDA	895	
Inventory reduction	64	
Other investing activities	6	
Shares sold by share trust	20	
Cash generated		**985**
Taxation paid	(265)	
Dividends paid	(362)	
Retail and other debtors	(224)	
RCS Group debtors	(107)	
Capital expenditure	(175)	
Creditors	(37)	
Cash utilised		**(1 170)**
Net borrowings at the end of the period		**(1 812)**

- Borrowings increased by R185 million
- R41 million relates to RCS Group
- R144 million relates to retail
    - Investment in retail debtors and new stores

Capex

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	September 2009	September 2008	% growth
Stores	112,5	125,4	(10,3)
RCS Group	2,7	7,8	(65,4)
IT	46,0	35,2	30,7
Other	13,9	9,5	46,3
Total	**175,1**	**177,9**	**(1,6)**

- 64,2% of capex relates to opening of new stores, in line with our strategy of growing our floor space
- Growth in IT spend timing issue. Spend is approximately R75 million p.a.
- Budgeted capex for y/e 2010 will be approximately R340 million

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Divisional review

Divisional review: Overall

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	September 2009 Turnover (Rm)	% Growth	% Same store growth	Number of stores	Space growth
Foschini	1 629,0	11,0	6,2	445	3,4
Markham	644,4	1,4	(2,8)	229	2,9
exact!	354,4	0,6	(5,7)	203	2,5
Sports division	699,3	18,7	7,8	283	7,5
Jewellery division	484,3	(5,0)	(7,6)	359	1,8
@home	261,3	18,9	(5,3)	78	22,6
Group	**4 072,7**	**7,9**	**1,2**	**1 597**	**5,7**
Cash sales	1 478,6	6,4			
Credit sales	2 594,1	8,8			
Total	**4 072,7**	**7,9**			

- 5,7% growth in floor space this year in line with our strategy. Weighted average growth 2,4%
  - Will be beneficial to our group when the cycle turns
- Credit sales represent 63,7%

Divisional review: Overall

- Trading remains volatile with no clear trend in trading pattern
- Customers under pressure
- Cash sales for the period grew by 6,4% whilst credit sales grew by 8,8%
  - This is the first period in two years when credit sale growth has exceeded cash sale growth
- Notwithstanding the poor economy, all divisions remain in good shape with strong MD’s and management teams

Divisional review: Overall

- Sports division
  - Best performer with 18,7% growth and 7,8% same store growth
  - Actively focused on leveraging World Cup 2010
- Foschini
  - Turnaround underway with turnover growth of 11,0% and clothing same store growth of 7,9%
  - Continued improvement expected in the future
- Jewellery division
  - Had an acceptable performance in discretionary luxury market
- Markham
  - Grew clothing turnover by 4,0% with flat clothing same store growth
  - Coming off a high base
  - Mens clothing affected more in a downturn than womens clothing
- exact!
  - Grew its clothing turnover by 2,3% with clothing same store growth of -4,3%
  - Currently being repositioned to provide more fashionable merchandise at more competitive prices
- @home
  - Grew turnover by 18,9%
  - Continued with the expansion and now has 11 @homelivingspace stores
  - Commendable performance in a very difficult market sector

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Financial Services

Financial services: Agenda

- Financial Services Overview
  - Credit Landscape
  - Structure
- FG Financial Services
  - Period overview
  - Performance
  - Book
  - Statistics
  - Strategy & outlook
- RCS Group
  - Structure
  - Overview
  - Financial review
  - Performance
  - Delinquency performance
  - Strategy & outlook

Financial services overview: Credit landscape last 6 months

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- Consumers remain under pressure
- …but positive signs of pressure easing up

- Debt Review incidents grow with backlog in courts
- 100 000 consumers now under Debt Review
- … putting strain on late stage collections

- Repo moves down from 9,5% to 7,0%

Financial services overview: Structure

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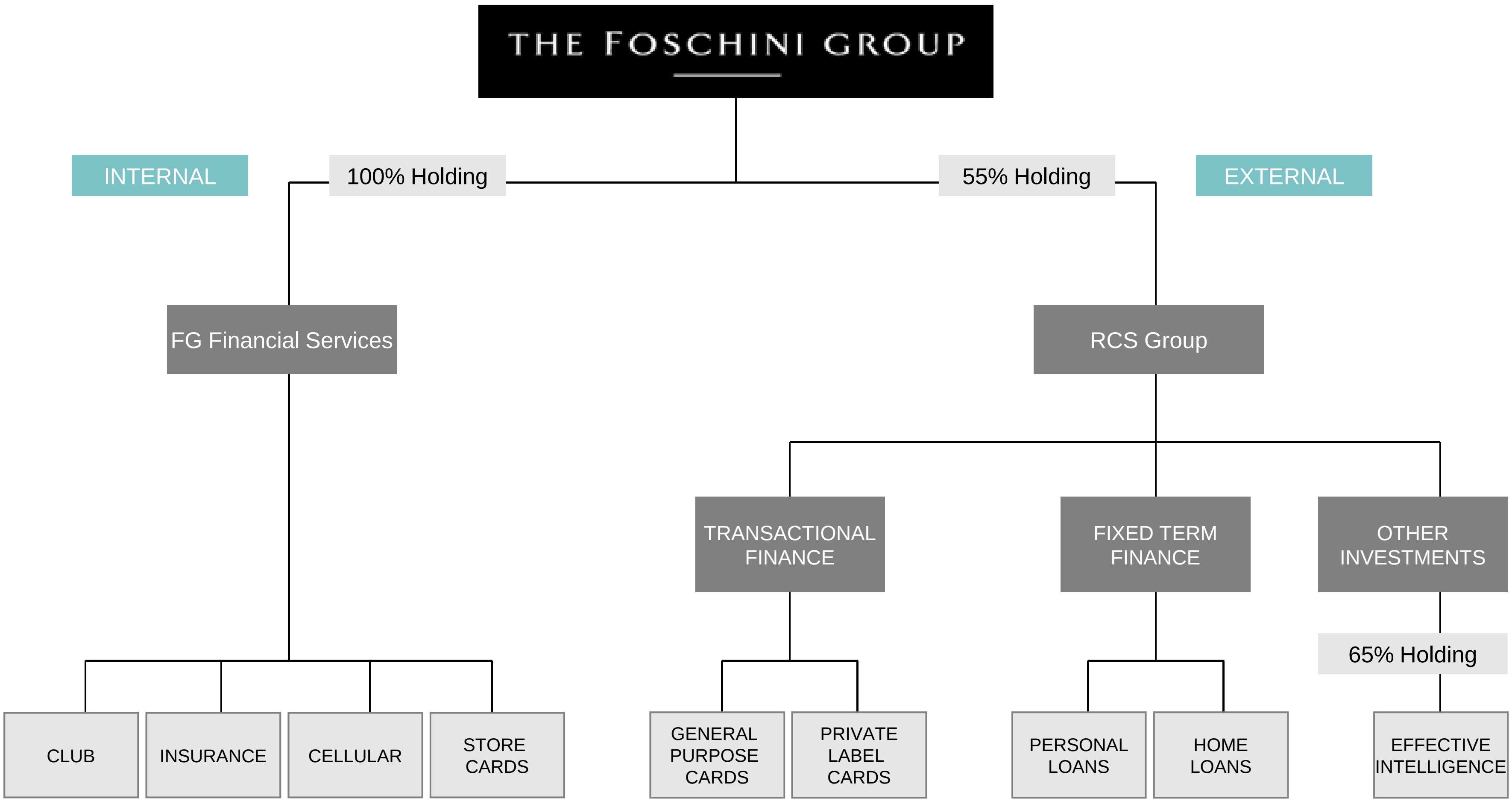

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FG Financial Services

FG financial services: Period overview

- Tough 6 months with late stage collections under pressure
- Debt Review matters move to R56m from R15m in Sept 2008
- Overall book health better than last year
- Good CRM successes in New Accounts. Total New Account growth 15% year on year
- Good growth from other financial services (Club X 25k members)
- Interest Income up by 26,4%.

FG financial services: Performance

	September 2009 Rm	% change	September 2008 Rm
Interest income	**309,7**	26,4	**245,0**
Other income	**97,0**	28,1	**75,7**
	406,7	26,8	**320,7**
Net bad debt	**(172,9)**	51,9	**(113,8)**
Credit costs	**(108,5)**	20,3	**(90,2)**
Profit before tax	**125,3**	7,3	**116,7**

- Interest growth
  - constrained by rate decreases
  - offset by book growth and migration to 12 month product
- Other Income growing strongly
- Bad debt growth of 52% due to:
  - Strong comparative in first half last year
  - The growth in Debt Review matters
- Costs growth reflects continued investment in New Accounts drives

FG financial services: Book

Key debtor statistics	September 2009	September 2008
Number of active accounts with debit balances (‘000)	**2 003,1**	**1 941,3**
Credit sales as a % of total retail sales	**63,7**	**63,2**
Net debtors’ book (Rm)	**2 923,0**	**2 467,5**

- Active accounts growth by 3,6%
- Small increase in credit sales
- Book growth at 18,5% reflects the continued growth to 12 month accounts
  - 12 Months now at 49% vs 39% LY

FG financial services: Statistics

Key debtor statistics	September 2009	March 2009
Arrear debtors % to debtors book	**22,4**	24,2
Net bad debt write off as a % of credit transactions	**4,5**	4,0
Net bad debt write off as a % of debtors book	**9,7**	8,7
Doubtful debt provision as a % of debtors book	**8,6**	8,5
% able to purchase	**82,8**	81,5

- Arrears showing improvement
  - 90 days and greater 15,6% vs. last year 15,4%
- Bad Debt up but impacted by lower recoveries yield
- Scorecards continue to perform well
- More accounts able to purchase

FG financial services: Strategy and outlook

- Engagement with Industry/ NDMA to resolve Debt Review hiatus
- Manage pressure on delinquency / bad debts through greater back end efficiency
- Continued focus on growing active account base
- Group Gift Card roll out
- Expand insurance and club offering
- Stabilise cellular supply; Vodacom rollout and One2One activation level

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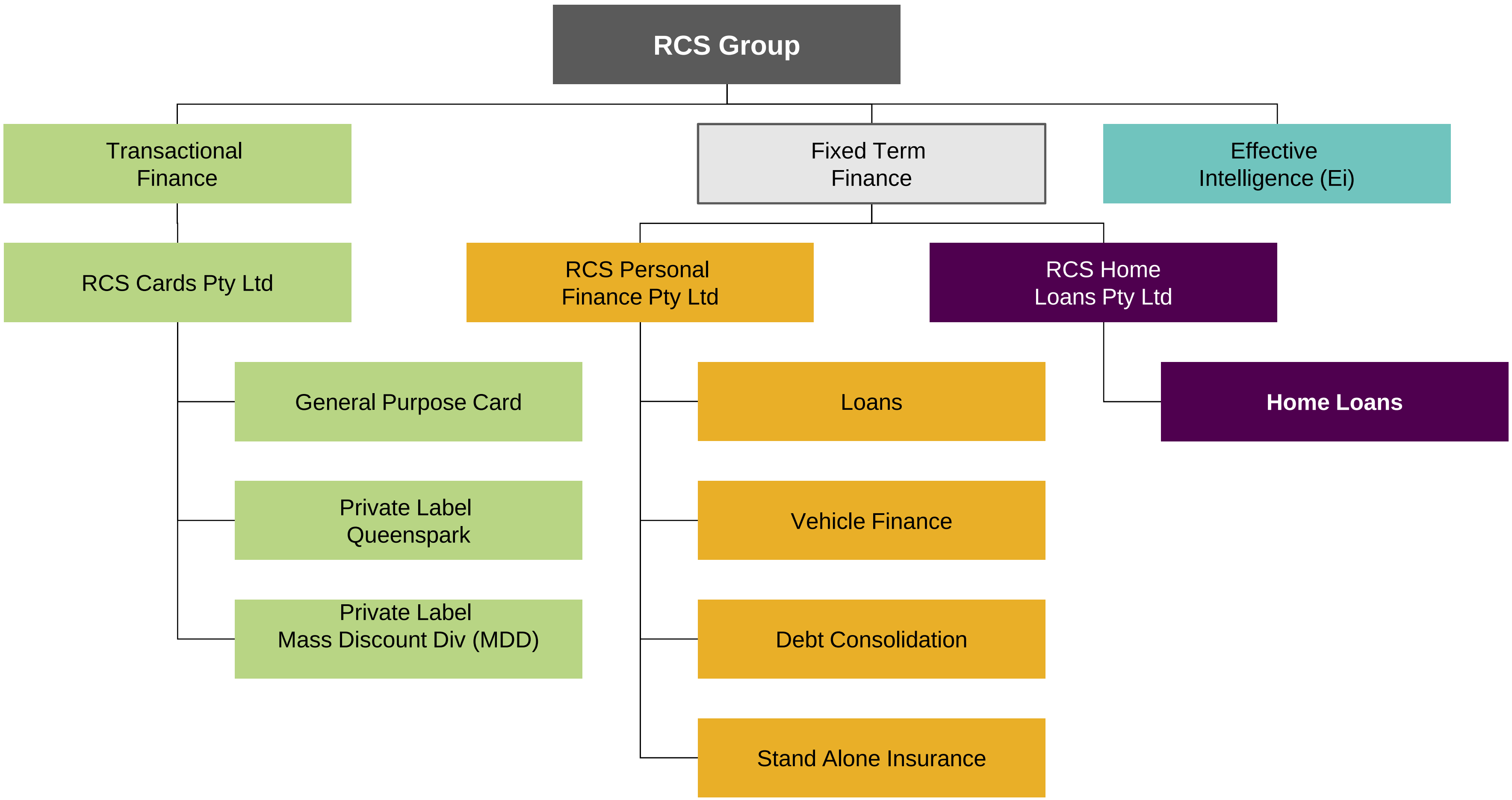
RCS Group

RCS Group: Structure



RCS Group: Overview

- Interest yield under pressure due to rate cuts
- Strategy to drive optimal loan term and size
- Deliberate changes at front-end implemented to improve asset quality
  - Impacting on new customer growth
- Positive bad debt outlook – significant in Cards portfolio
- MDD integration & launch of new product completed
- Continued focus on cost control
- Manage within funding mandate & explore alternative funding avenues

RCS Group: Financial review – 2010 half-year

	September 2009 Rm	% change	September 2008 Rm
Interest income	**407,9**	15,6%	352,9
Other income	**147,6**	19,4%	123,6
	555,5	16,6%	476,5
Net bad debt	**(174,8)**	(10,5%)	(158,2)
Operating costs	**(215,8)**	(18,6%)	(182,0)
Interest Cost	**(58,9)**	(51,4%)	(38,9)
Profit before tax	**106,0**	8,8%	97,4

- Revenue
  - Interest yield pressure due to Repo rate cuts
  - Off-set by growth in non-interest income
- Bad Debt growth
  - Lower than book growth
  - NPL cover conservative compared to peers
- Cost includes non-comp MDD costs
- Cost to income excl MDD improve YoY
- Advances
  - Lower advances in Loans & GP Card
  - Off-set by positive growth in MDD

RCS Group: Performance

Key debtor statistics	September 2009	March 2009
Number of active accounts	660	678
Arrear debtors % to debtors book	16,1%	17,1%
Net bad debt write off as a % of debtors book	12,4%	12,5%
Doubtful debt provision as a % of debtors book	9,3%	8,9%
Cards Applications % approved (excl MDD)	31,3%	36,8%

- Lower customer numbers due to pursuing better quality assets in new acquisition
- Arrears debtors % to debtors book improved
  - Loans - slightly higher due to larger loan balances
  - Cards - significant improvement in 6 months – from 20,0% to 18,0%
- Net bad debt write off as % of debtors book consistent for Group
  - Significant improvement in Cards and positive trend continues
  - Off set by Loans due to debt review
- Increase in doubtful debt provision
  - Slight increase in loans – from 9,1% to 9,4%
  - TF consistent at 8,8% to increase NPL cover and MDD portfolio
- Applications approved lower due to acquiring of lower risk customers

RCS Group: Strategy and outlook

- Manage business within funding mandate
- Source additional funding
- Cost control remains a priority
- MDD business model and group synergies
- Private Label and Co-brand card opportunities
- Add new blue chip retailers as RCS Card merchants
- Explore further non funded revenue avenues
- Reduce bad debt – acquisition of quality customers

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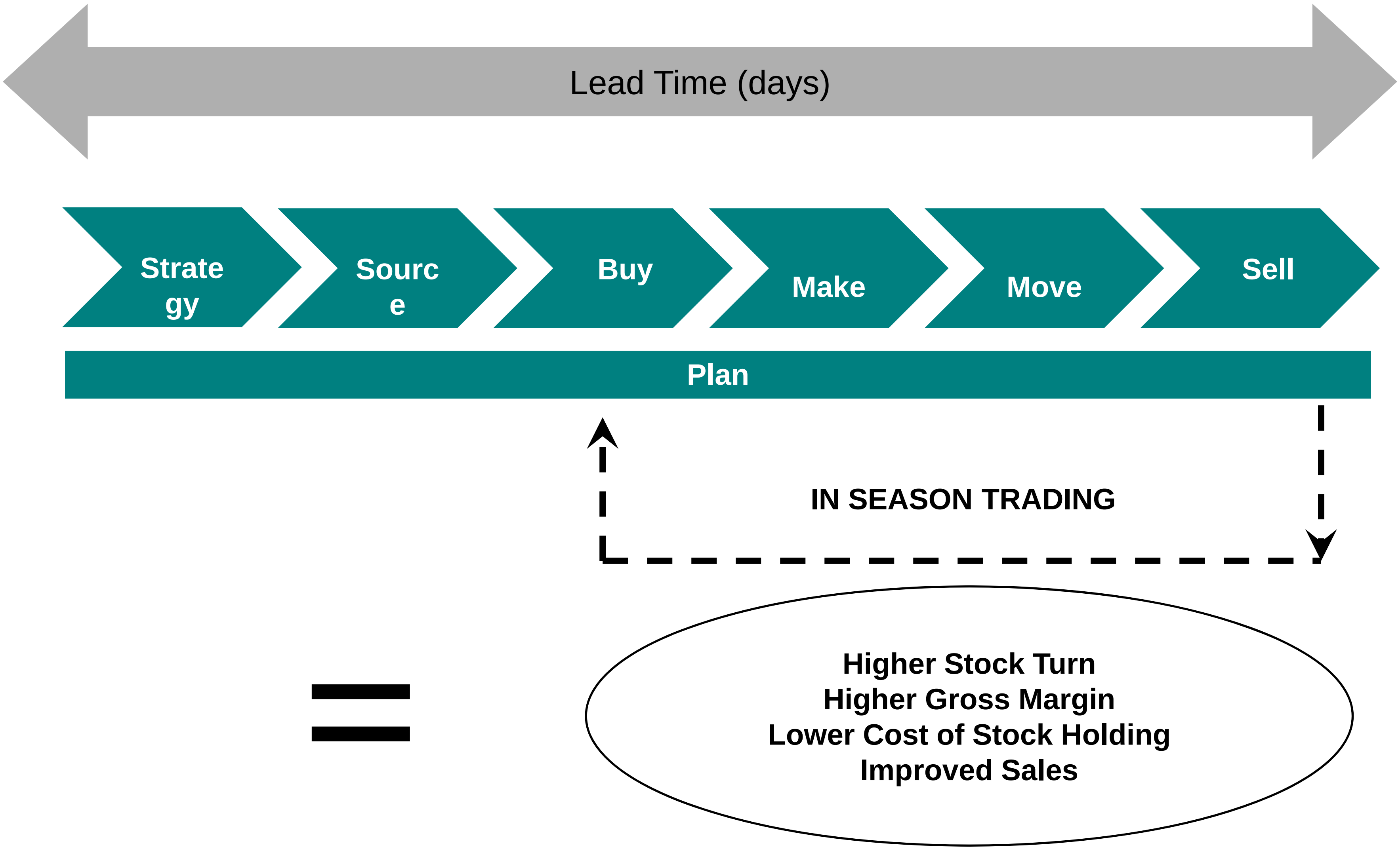
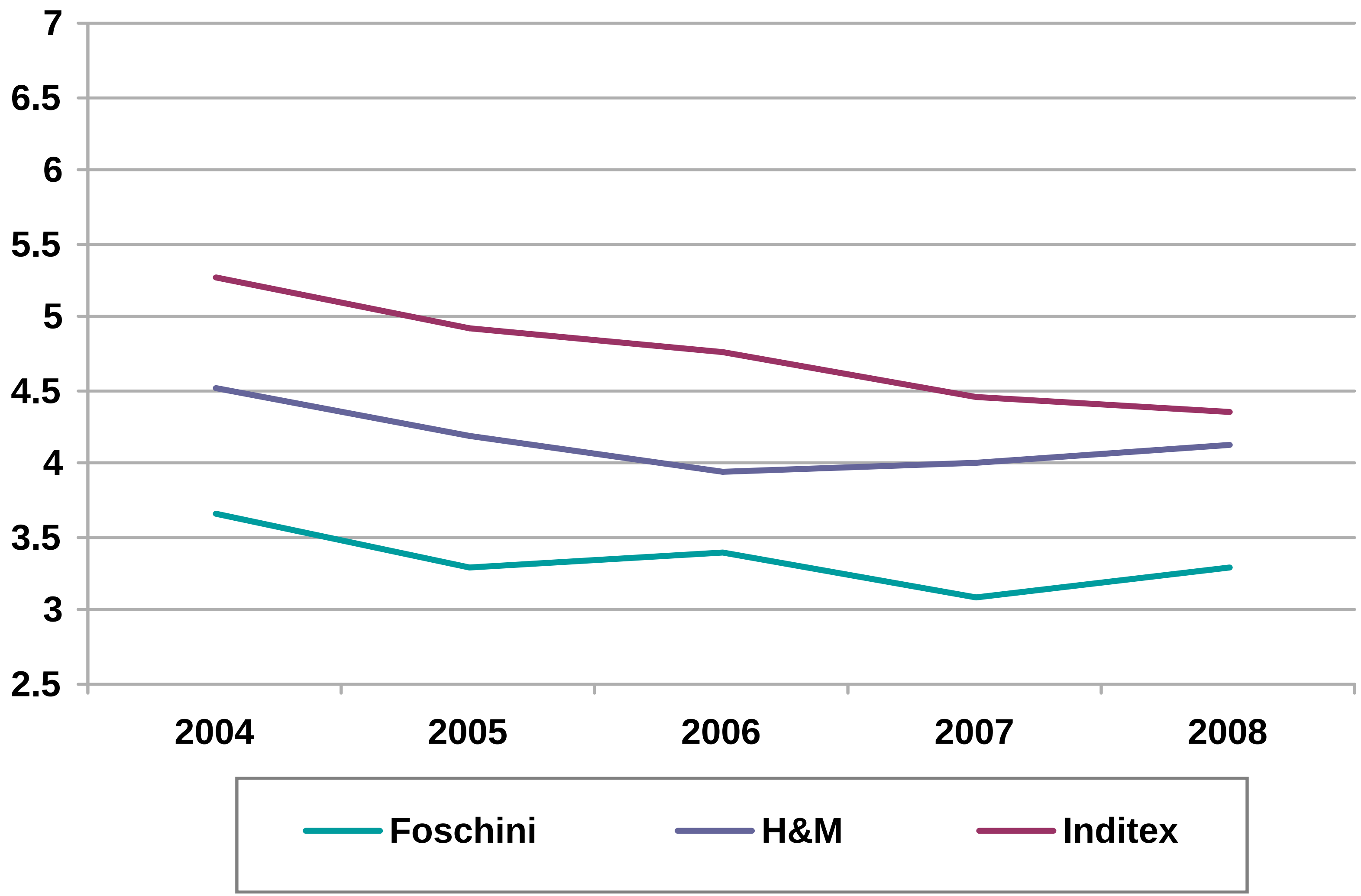
Supply Chain Project

Principles of supply chain projects



Stock turn



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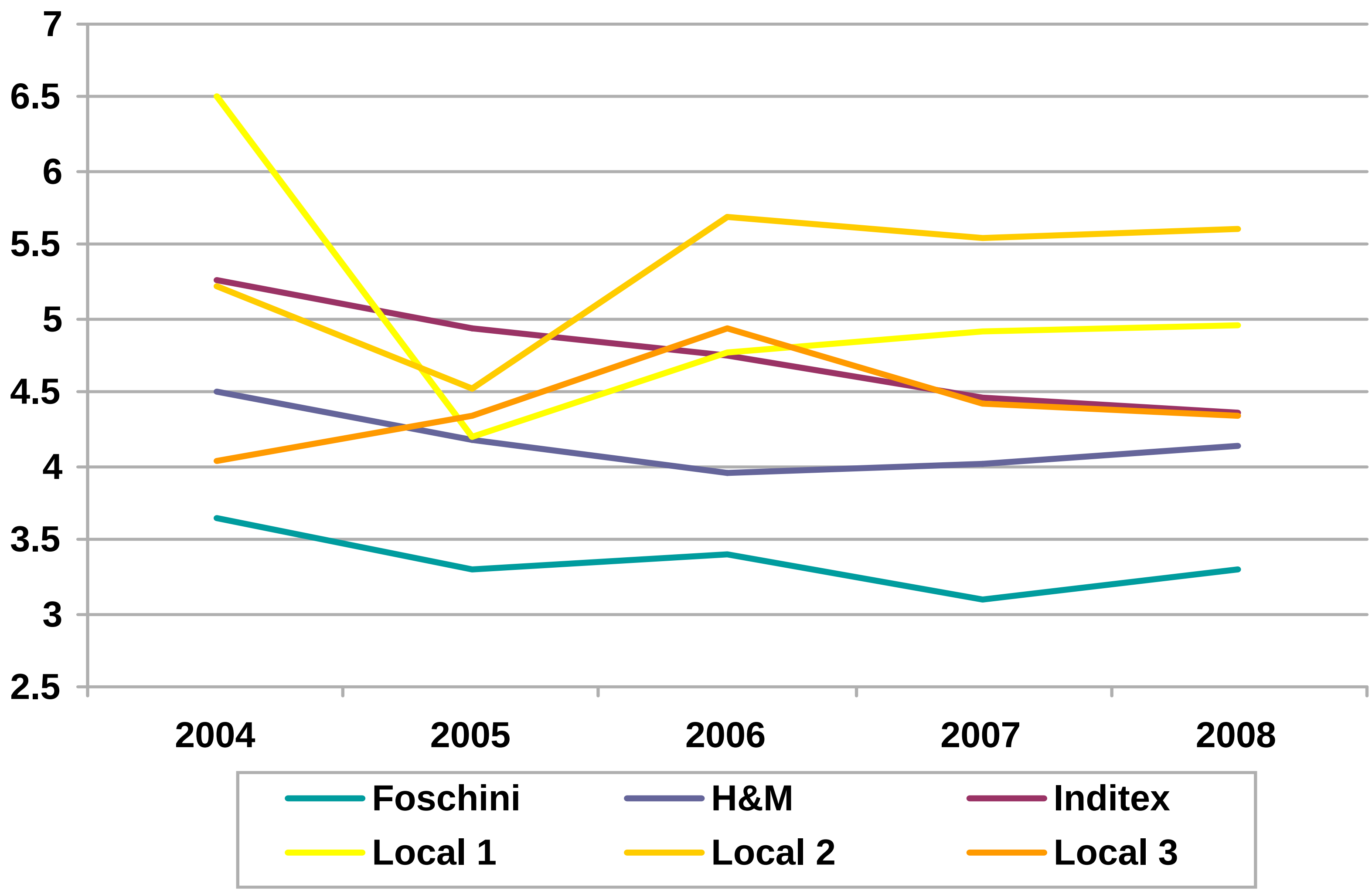
Stock turn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2006
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2008
Foschini
H&M
Inditex
Local 1
Local 2
Local 3

Supply chain project elements

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Strategy | Source | Buy | Make | Move | Sell

Plan

Foschini exact! TFGA Pipeline | Lead Time

Replenishment

Supplier Relationship Management

Sourcing → Performance Management

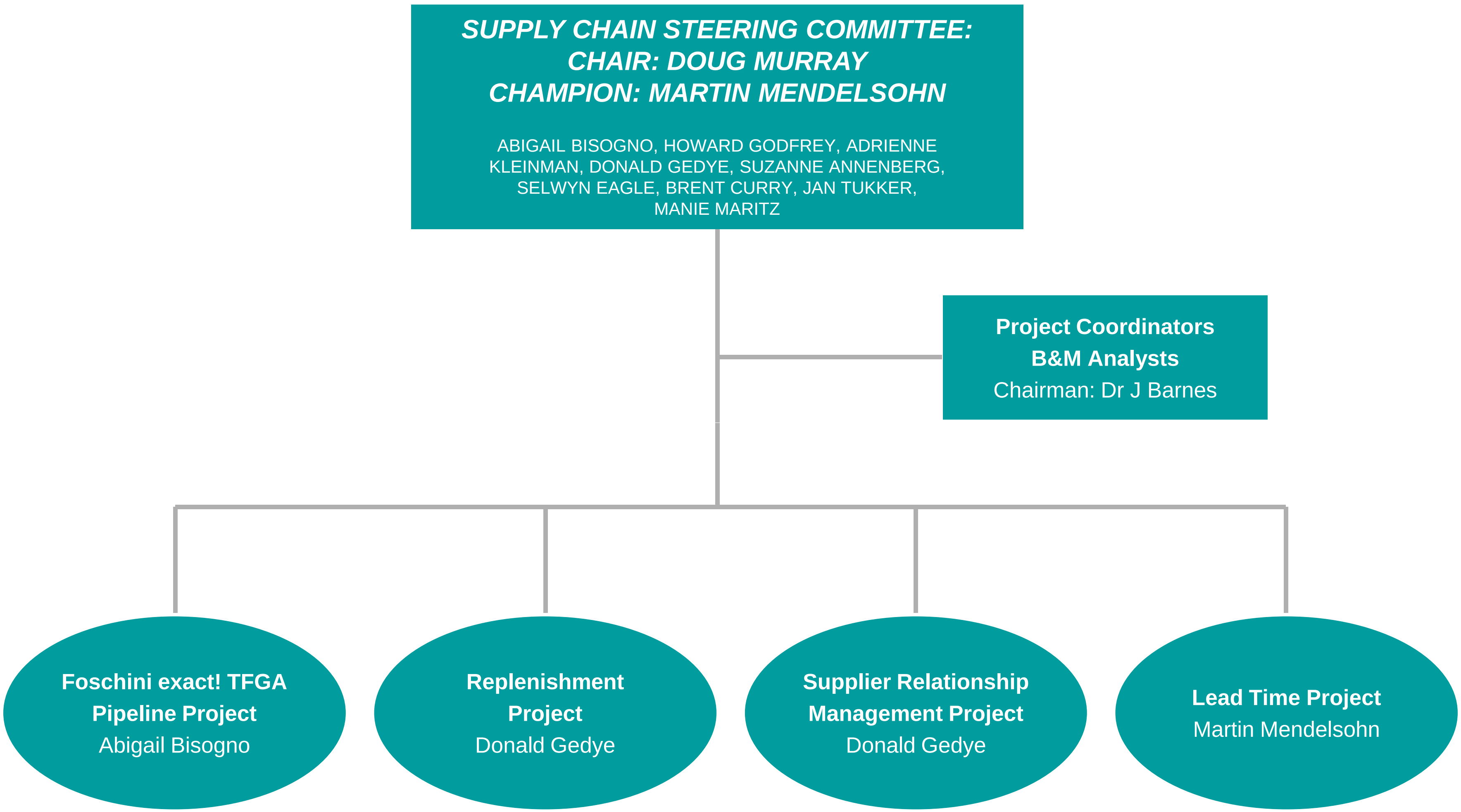
Change Management

Communication & Training

Supply chain project elements

Project	Focus areas
Supplier Relationship Management	Sourcing (performance and capability intelligence – new and established suppliers)
	Performance management (DC conformance, supplier scorecards and ratings)
Replenishment and Holdback	Interim and optimum Group Replenishment solutions
	Holdback implementation
Lead Time	Supplier to DC optimization (time and QA)
	DC optimization (Daily Flow Through, waste minimization)
Foschini/TFGA Pipeline	Design optimization
	Product development and pre-production optimization
	Fabric management
	CMT management and development through TFGM
	Calendar reduction (pre- and in-season)

Supply chain project structure



Supply chain objectives

- Defined standard operating procedures
  - World best practice
- Appropriate measures
- Shorter lead times
  - Buy closer to Put into Stock date
  - Better decision making
  - Reduced markdowns
- Guaranteed quality
- Enhanced reliability
- Reduced waste within the supply chain
- Decreased inventory holding, hence more rapid stock turns

Clothing Targets

	2009	2010	2011	2012
Lead Time (days)	180	150	120	100
Stock Turn	3.2	3.5	4.0	5.0

Supply chain achievements

Merchandise Process Redefined

- Foschini Trading Division calendar reduced to 136 days for Winter/Summer 2010

Professional Supplier Management

- Merchandise Procurement Division established
- TFG Apparel Supply Company restructured
  - Front end (fabric and design) integrated into trading divisions
  - Renamed TFG Manufacturing
  - CMT measurement system in place
  - Achieved outstanding delivery record for S'09
- Supplier conformance measures introduced

Supply chain achievements

Logistical Processes Re-engineered

- Logistical time reduced by 29 days (Imports) and 18 days (Local)
- Carton pick accuracy averaging 98%
- New warehouse management system (Manhattan) implemented in Markham and exact! (other divisions to follow)

Culture of improvement

- 287 merchants trained on supply chain
- Cross company collaboration
- Sharing of best practice and Standard Operating Processes
- Project facilitation model – greater involvement of stakeholders
- Performance measurement aligned with Group targets

Objectives: 2010 and beyond

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- Ownership by divisions
- Strategic alignment with suppliers
  - Scorecard rolled out to all suppliers
  - Performance based culture
  - Audit integrated into new supplier process
  - Structured improvement plans
- Further lead time reductions
- De-couple styling and fabric strategy
- Measurement
  - Measurement systems in place
  - Aligned store measures (Return on Assets)
  - Stock turn and GMROI improvements

Objectives: 2010 and beyond

- Quick response models
  - Rollout of Warehouse Management Systems (Manhattan)
  - Replenishment
  - Holdback opportunities exploited
  - Flexible distribution options

Outlook

Outlook for second half 2010

- Mentioned previously that we expected this year to be a challenging year
- Although interest rates and inflation have continued to drop we expect the economy to start improving, but only from next year
- Continued focus on cost and inventory management
- 40 stores planned for second half
- Supply chain initiative continues
  - Continual improvement over a number of years
- Inflation - current summer season approximately 6%
- Retail sales for the first five weeks of the second half remain difficult at 4,8%
- Second half heavily dependent on Christmas trading, which will largely determine the performance of the group in the second half and for the year as a whole

Disclaimer

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This announcement contains certain forward-looking statements with respect to the financial condition and results of operations of Foschini Limited and its subsidiaries, which by their nature involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future.

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Thank you