ANALYST PRESENTATION

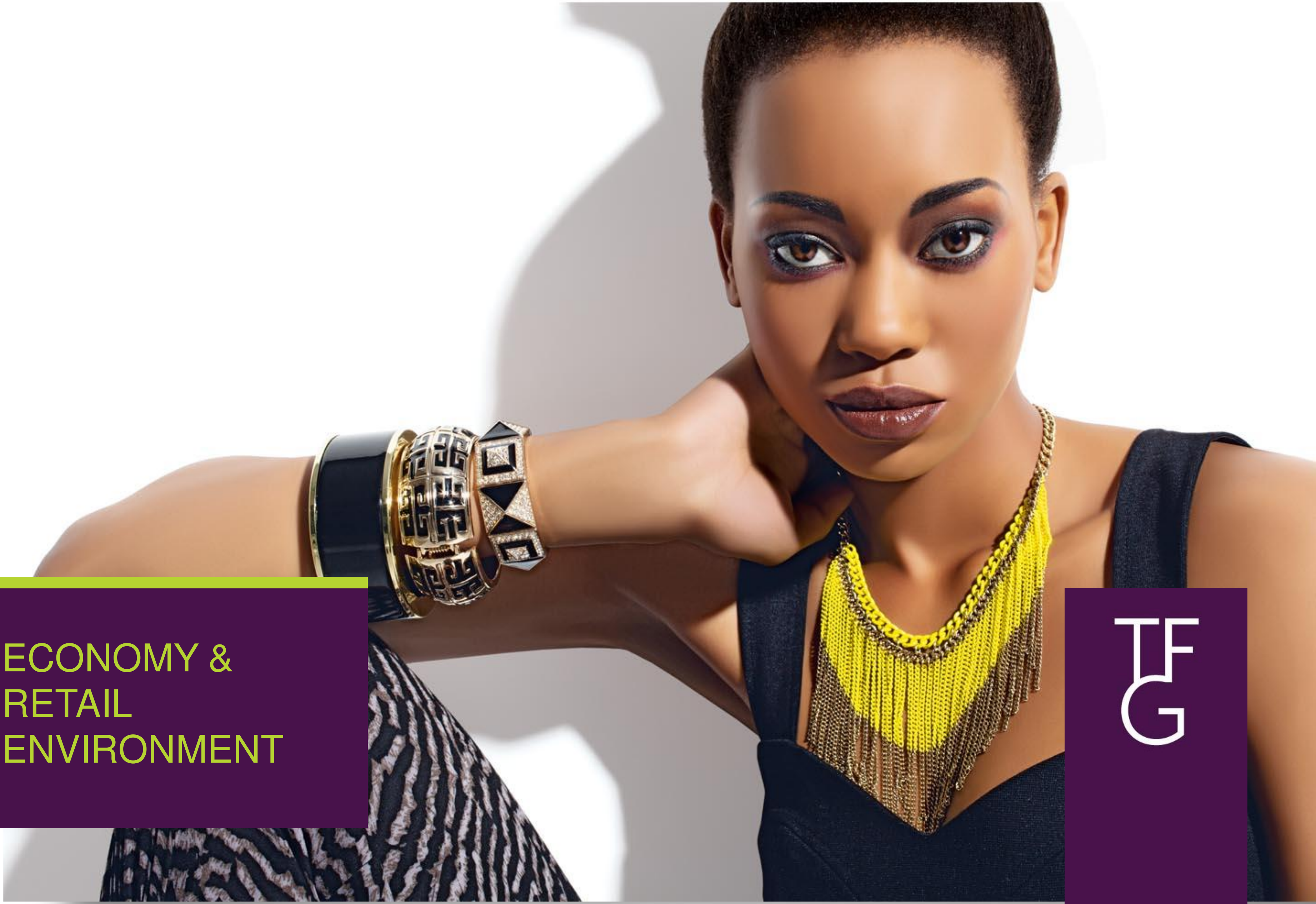
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2012

TFG


TFG

AGENDA

• The economy and retail environment	Doug Murray
• Review of the period	Doug Murray
• Financial review	Ronnie Stein
• Divisional review	Doug Murray
• Financial services	Peter Meiring
• Outlook	Doug Murray
• Questions	All



ECONOMY & RETAIL ENVIRONMENT

THE ECONOMY AND RETAIL ENVIRONMENT

- The health of the world economy remains a concern, the main issues being
    - Eurozone debt crisis
    - Cooling down of the Chinese economy
    - Sluggish recovery of the USA
- Most indicators show that South African economic growth may be cooling down on the back of the international slowdown
- As a result, the BER have adjusted downwards their SA GDP growth projections to 2,5% for 2012 and 3,3% for 2013
- On a more positive note, the MPC lowered the repo rate by 50 basis points to 5% in July which has brought the prime rate down to 8,5%
- Interest rates are likely to remain on hold until well into 2013
- The outlook for inflation is looking favourable – back within the 3-6% target range
- The local currency has remained under pressure in the third quarter fluctuating between R8,20/$ & R8,80/$ in September/October
- Although real wage increases are still evident in many sectors, rising food and fuel prices are eroding consumer's purchasing power
- Since August widespread strikes have paralysed portions of the mining sector and spread to other sectors. These developments will hurt economic activity in the third quarter

REVIEW OF THE PERIOD

REVIEW OF THE PERIOD

- Our group trades predominantly in the mass-middle market space and our customers have benefited from:
    - Continued low interest rates
    - Real wage increases
    - Increase in government subsidies
    - Low inflation environment
- Continue to benefit from our strategic initiatives:
    - Supply chain
    - CRM - growth in active account base
    - Driving top-line growth - pricing efficiencies passed on to customers
- 70 new stores were opened
- Healthy debtors' books – TFG & RCS Group
- RCS Group:
    - Performed well
    - DMTN programme continues to be successful – R1,5 billion surplus funding available to support future growth
- Consolidated market share gains

REVIEW OF THE PERIOD CONTINUED

- Group turnover up 12,6% to R6,1 billion
- Headline earnings per share up 17,1% to 400,5 cents
- Diluted headline earnings per share up 18,8% to 396,1 cents
- Operating margin increased to 23,1% from 22,9%
- Interim dividend increased by 24,2% to 236,0 cents per share
- Continued growth in new accounts
- Sustained strong financial position
- Recourse gearing of 14,3%

REVIEW OF THE PERIOD CONTINUED

Retail turnover by merchandise category	September 2012 (Rm)	September 2011 (Rm)	% Growth	% Same store growth	% Growth (2 year CAGR)
Clothing	4 174,0	**3 695,4**	13,0	6,4	16,4
Jewellery	592,5	**531,4**	11,5	7,0	9,4
Cellphones	534,5	**506,8**	5,5	2,0	16,8
Cosmetics	383,5	**344,3**	11,4	8,0	11,2
Homeware & furniture	427,7	**350,4**	22,1	13,4	18,7
Total	**6 112,2**	**5 428,3**	**12,6**	**6,6**	**15,5**

- Clothing turnover growth of 13,0% was satisfactory
  - Had we not experienced logistical problems in the supply chain in ladieswear, turnover growth would have been better
  - Rates of sale on new merchandise remain at good levels
  - Clothing old store growth was 6,4%

- Jewellery turnover continues to improve with turnover growth this period of 11,5% indicating that our current strategies are working well.
  - Jewellery old store growth was 7,0%

REVIEW OF THE PERIOD CONTINUED

Retail turnover by merchandise category	September 2012 (Rm)	September 2011 (Rm)	% Growth	% Same store growth	% Growth (2 year CAGR)
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Total	**6 112,2**	**5 428,3**	**12,6**	**6,6**	**15,5**

- Cellphones:
  - Experienced difficulty in procuring certain popular product lines from our suppliers
  - Increase in pricing of certain handset models
  - As a result, cellphone turnover growth of 5,5% was disappointing, with same store turnover growth of 2%
- Cosmetics performed well in a competitive environment with growth this period of 11,4%
  - Cosmetics old store growth was 8,0%
- Homewares
  - The focus on merchandise efficiencies has proven to be successful and turnover growth of 22,1% is excellent
  - Homewares and furniture old store growth was 13,4%

FINANCIAL REVIEW

FINANCIAL REVIEW: HALF-YEAR ENDED SEPTEMBER 2012

Income Statement for the period ended	September 2012 (Rm)	September 2011 (Rm)	% change
Retail turnover	6 112,2	5 428,3	12,6
Cost of turnover	(3 553,7)	(3 156,0)	
Gross profit	**2 558,5**	**2 272,3**	
Interest received	966,4	813,0	
Dividend income	-	5,7	
Other revenue	671,3	568,1	
Trading expenses	(2 782,1)	(2 415,1)	
Operating profit before finance charges	**1 414,1**	**1 244,0**	**13,7**
Interest paid	(156,0)	(137,1)	
Profit before tax	**1 258,1**	**1 106,9**	**13,7**
Income tax expense	(364,1)	(359,7)	
Profit for the period	**894,0**	**747,2**	
Attributable to:			
Equity holders of The Foschini Group Limited	834,7	699,0	19,4
Non-controlling interest	59,3	48,2	
HEPS (cents)	400,5	341,9	**17,1**
Diluted HEPS (cents)	396,1	333,3	**18,8**
Weighted average number of shares in issue (millions)	208,6	204,6	

REVENUE

	September 2012 (Rm)	September 2011 (Rm)	% Growth
Retail turnover	6 112,2	5 428,3	12,6
Interest received	966,4	813,0	18,9
Dividends received	-	5,7	
Other revenue	671,3	568,1	18,2
Group total	**7 749,9**	**6 815,1**	**13,7**

- Satisfactory growth in retail turnover
- Interest received will be dealt with separately
- Other revenue growth of 18,2%
    - Club income +11,6%
    - Customer charges income + 14,4%
    - Insurance income + 27%
    - Cellular income – one2one airtime product + 25,1%
    - These products should continue to grow as our customer base grows

GROSS PROFIT

	September 2012 (Rm)	September 2011 (Rm)
Gross profit (Rm)	2 558,5	2 272,3
Gross margin (%)	41,8	41,8

- Input margin constant
  - Improved pricing passed on to customers
- Gross margin has upward potential for the future, dependent on currency exchange rate as well as competitive product pricing

INTEREST RECEIVED

	September 2012 (Rm)	September 2011 (Rm)	% Growth
Trade receivables – retail	478,1	405,5	17,9
Receivables - RCS Group	477,9	400,2	19,4
Sundry	10,4	7,3	42,5
Total	**966,4**	**813,0**	**18,9**

- Due to the impact of the NCA capping formula, interest yields at their lowest
- Increase in interest received driven by higher average books
- Interest received from retail debtors' book up 17,9%
    - Impact of good account growth
    - Increased credit sales
    - Increase in number of 12-month accounts continues to increase the yield
    - 86,4% of balances now attracting interest
- Interest received by RCS Group up 19,4%
    - Impact of growth in debtors' book
    - Peter Meiring will deal with this in more detail in his section

TRADING EXPENSES

	September 2012 (Rm)	% to turnover 2012	September 2011 (Rm)	% to turnover 2011	% Growth
Depreciation and amortisation	(157,7)	2,6	(149,8)	2,8	5,3
Employee costs - normal	(963,9)	15,8	(865,2)	15,9	11,4
Employee costs – share-based payments	(30,4)	0,5	(39,9)	0,7	(23,8)
Occupancy costs - normal	(575,9)	9,4	(494,2)	9,1	16,5
Occupancy costs – lease liability adjustment	(15,2)	0,2	(14,2)	0,3	7,0
Other net operating costs	(595,5)	9,7	(506,4)	9,3	17,6
	(2 338,6)	**38,3**	**(2 069,7)**	**38,1**	**13,0**
Net bad debts	(443,5)	7,3	(345,4)	6,4	28,4
Total trading expenses	**(2 782,1)**	**45,5**	**(2 415,1)**	**44,5**	**15,2**

- Expenses before bad debt well controlled at 13,0%
- Employee costs up by 11,4%
  - Staff increases were 6,5%, balance in respect of staff for new stores
- Store occupancy costs up 16,5%:
  - Normal lease escalations average 8%
  - The balance is made up of new stores
- Bad debts will be dealt with by Peter Meiring

INTEREST PAID

	September 2012 (Rm)	September 2011 (Rm)	% Growth
Interest paid	156,0	137,1	13,8

- Finance charges increased due to investment in debtors, stock and capital expenditure

SEGMENTAL ANALYSIS

	September 2012 (Rm)	September 2011 (Rm)	% Growth
Retail	1 072,5	955,0	12,3
RCS Group	185,6	151,9	22,2
Total profit before tax	**1 258,1**	**1 106,9**	**13,7**

- Retail produced a satisfactory result with 12,3% growth
- RCS Group
    - Good performance – up 22,2% on last year
    - Contribution to group PAT = 8,8% (vs 8,2% Sept 2011)
    - Peter Meiring will deal with this in more detail

FINANCIAL POSITION

- Our group's balance sheet remains strong
- The next few slides deal with key elements of our financial position

STOCK AND CREDITORS

	September 2012 (Rm)	September 2011 (Rm)	% Growth
Stock of merchandise	1 918,0	1 692,7	13,3

- Ladieswear stock too low – impacted by logistical issues

	September 2012 (Rm)	September 2011 (Rm)	% Growth
Trade and other payables	1 978,8	1 754,2	12,8

- Stock continues to be funded by creditors
- Creditors terms remain 30 days from statement

TRADE RECEIVABLES

	September 2012 (Rm)	September 2011 (Rm)	% Growth
Loan receivables	1 109,9	948,0	17,1
Private label card receivables	2 670,8	2 186,6	22,1
RCS Group	**3 780,7**	**3 134,6**	**20,6**
Trade receivables – retail	**4 809,3**	**4 155,8**	**15,7**
Total receivables	**8 590,0**	**7 290,4**	**17,8**

- Our biggest asset by far
- Total receivables on balance sheet amount to R8,6 billion of which R3,8 billion relates to RCS Group
- Peter Meiring will deal with the performance of our receivables in more detail

BORROWINGS AND NON-CONTROLLING INTEREST LOAN

	September 2012 (Rm)	September 2011 (Rm)
Interest-bearing debt and non-controlling interest loan	4 494,7	3 074,6
Less: Preference share investment	-	(200,0)
Less: Cash	(875,4)	(468,6)
Net borrowings	**3 619,3**	**2 406,0**
Less: SBSA loan to RCS Group (non-controlling interest loan)	(51,8)	(214,4)
	3 567,5	**2 191,6**
Less: RCS Group external funding (commercial paper + bank loans)	(2 548,2)	(1 500,0)
Recourse debt	**1 019,3**	**691,6**
Less: TFG funding of RCS Group	-	(231,4)
Retail borrowings	**1 019,3**	**460,2**

- Gearing of 50,8% (Mar 2012 : 44,1%)
- Recourse gearing of 14,3% (Mar 2012: 14,8%)
- Retail gearing of 14,3% (Mar 2012: 10,6%)

CASH GENERATION AND UTILISATION

	Rm	September 2012 (Rm)
Net borrowings at beginning of the period		(3 026,8)
Cash EBITDA	1 470,2	
Increase in creditors	151,8	
Other net investing activities	(3,9)	
Cash generated		**1 618,1**
Taxation paid	(386,8)	
Dividends paid	(558,9)	
Retail & other debtors	(465,4)	
RCS Group debtors	(330,2)	
Inventory increase	(23,1)	
Capital expenditure	(300,7)	
Shares purchased in terms of share incentive schemes	(145,5)	
Cash utilised		**(2 210,6)**
Net borrowings at the end of the period		**(3 619,3)**

- Cash EBITDA of R1,5 billion remains sound
- Investment in receivables of R795,6 million
    - Retail & other debtors R465,4 million
    - RCS debtors R330,2 million
- Capex at R300,7 million – largely due to new store openings – investment for future growth

CAPEX

	September 2012 (Rm)	September 2011 (Rm)
Stores	155,6	149,9
RCS Group	4,5	12,7
IT	121,5	92,1
Other	19,1	21,0
Total	**300,7**	**275,7**

- The majority of capex relates to opening of new stores, in line with our strategy of growing floor space
- Budgeted capex for 2013 year-end will be approximately R600 million. Included in this are costs of R138m associated with new call centre and new design centre.

DIVISIONAL REVIEW

DIVISIONAL REVIEW: OVERALL

	September 2012 Turnover (Rm)	% Growth	% Same store growth	Number of stores	% Growth (2 year CAGR)
Foschini division	2 191,0	6,0	1,4	532	12,0
Markham	1 081,2	17,5	10,9	270	20,1
Exact	596,7	11,8	8,8	220	18,4
TFG Sports	1 164,9	20,7	10,7	405	19,3
Jewellery division	650,7	9,9	5,6	403	10,1
@home	427,7	22,1	13,4	90	18,7
Group total	**6 112,2**	**12,6**	**6,6**	**1 920**	**15,5**
Cash sales	**2 383,3**	**19,0**			
Credit sales	**3 728,9**	**8,9**			
Total group	**6 112,2**	**12,6**			

- Cash sales
    - represent 39,0% (Sept 2011: 36,9%)
    - excellent growth at 19% (Sept 2011: 14,4%) – assisted by rewards programme

DIVISIONAL REVIEW: OVERALL CONTINUED

- Foschini division (6% growth; 12,0% 2 year CAGR)
  - Foschini, Donna-claire & Fashion Express impacted by logistical problems in the supply of ladieswear
- Markham (17,5%; 20,1% 2 year CAGR)
  - Menswear clothing growth was good
- Exact (11,8%; 18,4% 2 year CAGR)
  - Menswear & childrenswear clothing growth was good
  - Ladieswear impacted by logistical problems
- TFG Sports (20,7%, 19,3% 2 year CAGR)
  - Continues to trade well
- Jewellery (9,9%; 10,1% 2 year CAGR)
  - Current strategies working
  - Turnover continues to improve
- @home (22,1%; 18,7% 2 year CAGR)
  - Extremely good performance

DIVISIONAL REVIEW: SUPPLY CHAIN

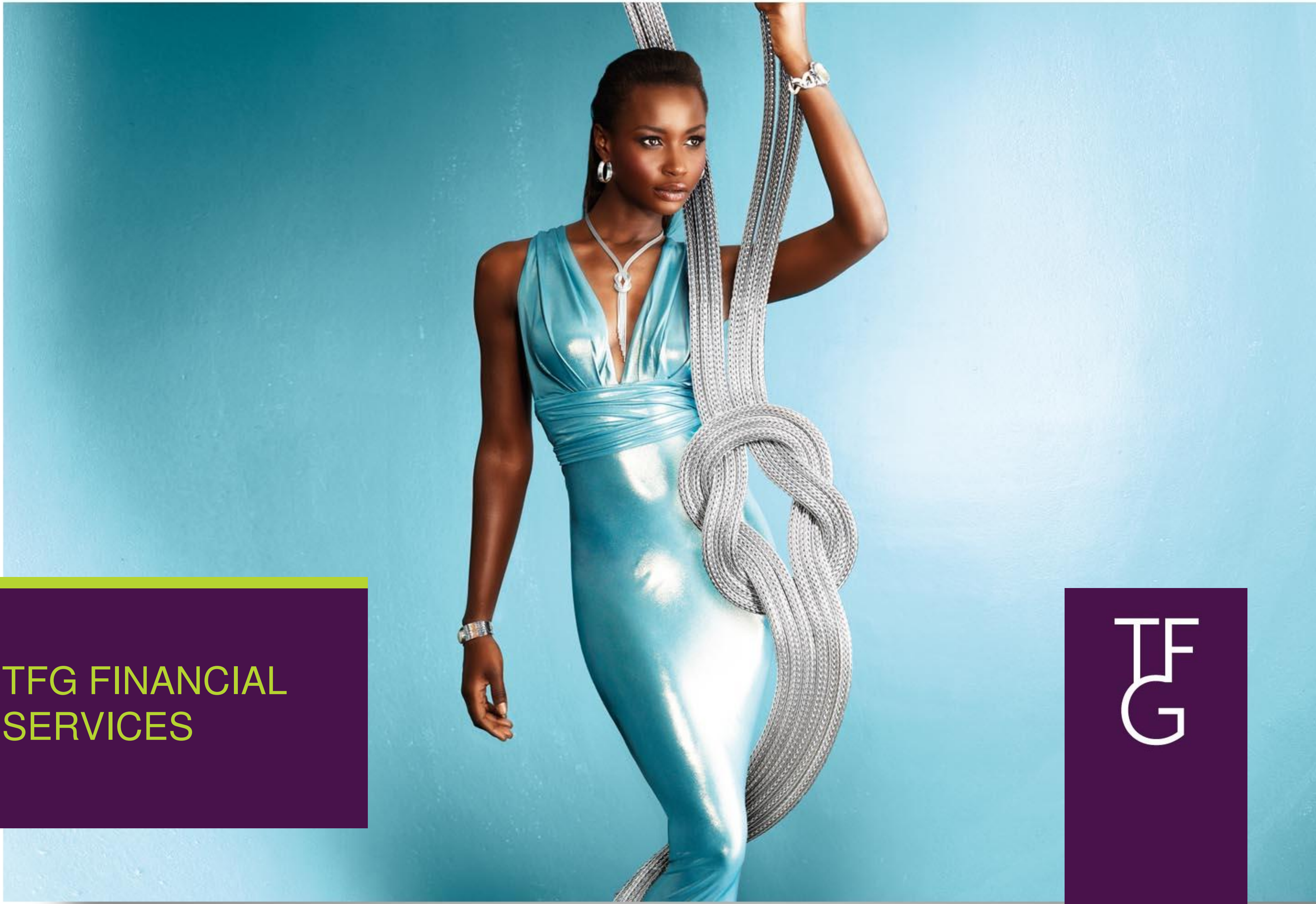
- Significant improvements in the last few years
  - Have been aggressively driving reduced lead times
  - Lead times have reduced significantly
  - Material change management impact as result of reduced lead times
- Learnt lessons & affected some internal restructuring to better align supply chain
- Markdown taken early in June due to late winter
  - July & August turnover affected by lack of winter stock when the cold weather arrived
  - Unable to fill the gap in stock
  - Have been chasing ladieswear stock since then
- Rates of sale on merchandise in store has been good
- Obviously creates opportunity for next year

DIVISIONAL REVIEW: AFRICA EXPANSION

- Rest of Africa (excluding South Africa) now 98 stores with turnover of R670 million annualised
- All African stores are corporate stores

Locations	March 2012	Proposed additions 2013	2014	2015	Total
Namibia	58	5	15	2	80
Botswana	11	5	-	5	21
Zambia	12	-	6	5	23
Swaziland	4	-	-	-	4
Lesotho	2	5	-	-	7
Mozambique	-	-	-	8	8
Nigeria	-	2	-	4	6
Ghana	-	-	-	5	5
Total	**87**	**17**	**21**	**29**	**154**

- Projected turnover in 2015: In excess of R1 billion



TFG FINANCIAL SERVICES

TFG FINANCIAL SERVICES: PERIOD OVERVIEW

- Performance reflects challenges of credit environment
- Selective account expansion remains a key objective
- Bad debts remain high, but within the expected range
- Net book grows by 15,7%
- Interest income rises by 17,9%
- 0,5% cut in repo rate reduces interest growth
- Publishing and Insurance net incomes increase by 14,9%
    - TFGMAN and Funeral Insurance products successfully launched
- Cash rewards programme membership grows to 1,2m (March 2012: 0,5m)
- Business relocated to new and larger facilities to accommodate future expansion

TFG FINANCIAL SERVICES: PERFORMANCE

	September 2012 (Rm)	% Growth	September 2011 (Rm)
Interest income	478,1	17,9	405,5
Other income	171,6	14,9	149,4
Total Income	649,7	17,1	554,9
Net bad debt	(320,8)	31,8	(243,4)
Credit costs	(114,4)	16,9	(97,9)
EBIT	**214,5**	**0,4**	**213,6**

- Interest income
  - Supported by account expansion and book growth
- Other income continues to grow strongly as publishing and insurance offering expanded

- Bad debt growth of 31,8%
  - Follows strategy of account expansion
- Escalation in credit costs attributable to capacity expansion in second half of 2012

TFG FINANCIAL SERVICES: BOOK

Key debtor statistics	September 2012	September 2011
Number of active accounts ('000)	2 544,0	2 388,8
Credit sales as a % of total retail sales	61,0	63,1
Net debtors' book (Rm)	4 809,3	4 155,8

- Active accounts growth of 6,5%
- Strong growth from Rewards Program assists cash growth
- Account balances attracting interest now at 86,4% (LY 84,8%)

TFG FINANCIAL SERVICES: STATISTICS

Key debtor statistics	September 2012	September 2011	March 2012
Arrear debtors % to debtors' book	21,5	20,4	21,8
Net bad debt write off as a % of credit transactions	5,4	4,7	4,9
Net bad debt write off as a % of debtors' book	10,3	9,3	9,4
Doubtful debt provision as a % of debtors' book	9,9	8,9	9,3
% able to purchase	81,5	82,0	80,2

- Net Bad Debt reflects
    - Costs associated with robust new account origination
    - Tough collections and recovery environment
- More customers in a buying position than at March 2012
- Believe net bad debt to debtors book should moderate in second half

TFG FINANCIAL SERVICES: STRATEGY AND OUTLOOK

- Active account base growth remains a key focus area (anticipated growth of 6,0% to 7,0% at year-end)
- Maintain growth in publishing and insurance by ongoing product innovation
- Net bad debt is expected to moderate in the second half
- Revised scorecards introduced from November which should have a positive impact on book performance
- Improvements in early stage collections to impact positively on book performance
- Launch of credit rewards in November 2012 is expected to lift credit sales

RCS GROUP

RCS GROUP: OVERVIEW

PORTFOLIO's

- Strong growth in card portfolios underpinned by:
  - Further expansion of our merchant network with new national retailers
  - Growth in private label and co-branded card portfolios
- Conservative approach followed to growth in loans advances

FINANCIALS

- Experienced positive profit growth in first half of the year
- Asset quality stable and well below internal thresholds
- Healthy balance sheet with adequate provision cover

FUNDING

- Continued support in the capital markets for new funding and roll over of funding
- Increased funding diversification by introducing new sources of bank funding

RCS GROUP: FINANCIAL REVIEW – SEPTEMBER 2012

	September 2012 Rm	% change	September 2011 Rm
Interest income	481,5	19,4	**403,3**
Other income	251,1	15,0	**218,4**
Total credit income	732,6	17,8	**621,7**
Net bad debt	(122,7)	20,3	**(102,0)**
Operating costs	(311,2)	17,1	**(265,8)**
EBIT	298,7	17,6	**253,9**
Interest paid	(113,1)	10,9	**(102,0)**
Profit before tax	185,6	22,2	**151,9**

- Total Credit Income
  - Slightly lower interest yield due to reduction in repo rate
  - Non-interest income growth driven by customer growth and insurance income
- Net Bad Debts
  - YoY increase in write off - in line with book growth
  - High level of NPL cover at **123%** due to significant growth in private label portfolios
- Operating costs
  - Growth driven mainly by increased manpower in call centre
  - Improved cost to income ratio YoY
- Interest paid
  - Lower cost of funds due to funding diversification and reduction in repo rate

RCS GROUP: PERFORMANCE

Key debtor statistics	September 2012	September 2011
Number of active accounts (‘000)	829	**704**
Net debtors' book (Rm)	3 781	**3 135**
Arrear debt as percentage of total debt[1]	9,3%	**9,5%**
Non performing loans as percentage of total debt[2]	6,4%	**6,7%**
Net bad debt write-off as percentage of average debtors' book	5,7%	**6,2%**
Doubtful debt provision as percentage of debtors' book	7,9%	**7,6%**
Provisions as percentage of non performing loans	123,0%	**114,4%**
Percentage of applicants granted credit on cards portfolios	48,6%	**45,8%**

[1] Arrear debt defined as 60 days+

[2]Non-performing loans defined as 90 days+

- Growth fuelled by private label programs and wider merchant acceptance on general purpose program
- Active accounts grew by **17,8%** across all portfolios
- Improvement in the health of the book YoY due to diversified portfolios
- Non performing loans (NPL) provision cover increased YoY, and in line with March 2012

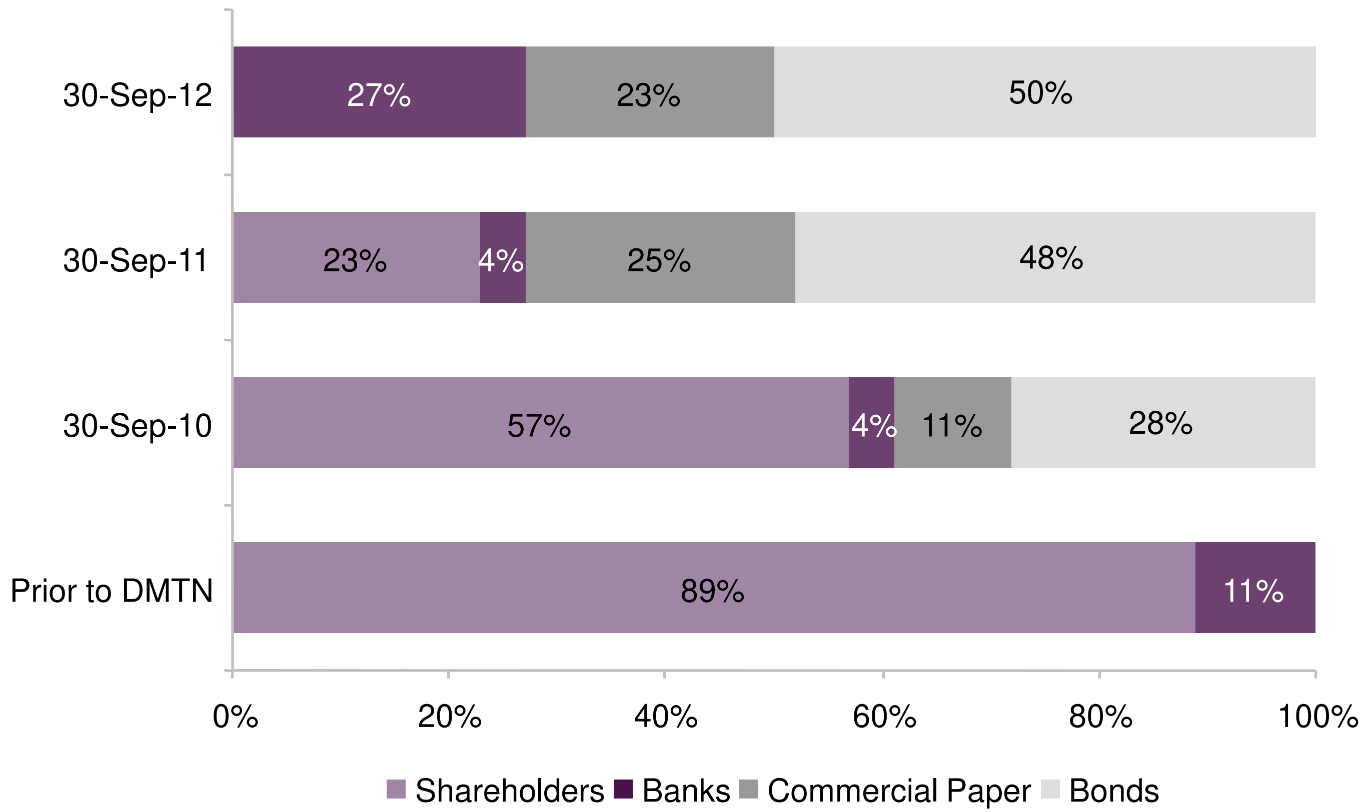
RCS GROUP: FINANCIAL POSITION & TREASURY

Capital Ratios	September 2012	September 2011
Return on equity	18,95%	18,80%
Debt : Equity[1]	64,9%	63,2%

[1] Debt : Equity - Term Funding/(Shareholders Equity (excl. Minority Interest) + Term Funding)

- Balance Sheet
  - Healthy balance sheet with conservative NPL cover and high level of capital
  - Low gearing with excess capital (70% target ratio)
  - Sufficient capital for growth
- Treasury
  - DMTN program success continues with positive market sentiment
  - R 2,7bn raised to date through DMTN program.
  - Surplus funding facilities of more than R1,5bn to support growth of business

RCS GROUP: FUNDING DIVERSITY – DRAWN FACILITIES



RCS GROUP: STRATEGY AND OUTLOOK

- Outlook
  - Positive profit growth expected for the remainder of the year
  - Sufficient funding and capital in place to deliver business plans
  - Fund raising efforts to continue in the capital markets
  - Maintain healthy balance sheet with healthy asset base

- Growth
  - Private label and co-branded opportunities
  - Continue to expand our merchant network with new national retailers
  - Grow non-interest and insurance income
  - Evaluate book acquisitions opportunities

OUTLOOK

OUTLOOK FOR SECOND HALF OF 2013

- Customers remain under pressure
- Strategic initiatives to continue
  - Supply chain
  - CRM
    - New accounts
    - Launch of rewards programme to credit customers November 2012
- Space growth - 102 new stores planned for 2nd half – approx 7% space growth for full year
- Logistical problems in supply chain in ladieswear improving
- Constant focus on cost and inventory management
- Merchandise inflation current summer season around 6%
- Continued good performance from RCS Group
- Retail sales for the first five weeks are at similar levels to the 1st half
- Confident we can deliver a favourable result for the second half
  - albeit against a strong comparative base
  - heavily dependent on Christmas trading, which will largely determine the performance of our group in the second half

THANK YOU

DISCLAIMER

This announcement contains certain forward-looking statements with respect to the financial condition and results of operations of The Foschini Group 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.