ANALYST PRESENTATION

FOR THE HALF-YEAR ENDED
30 SEPTEMBER 2013

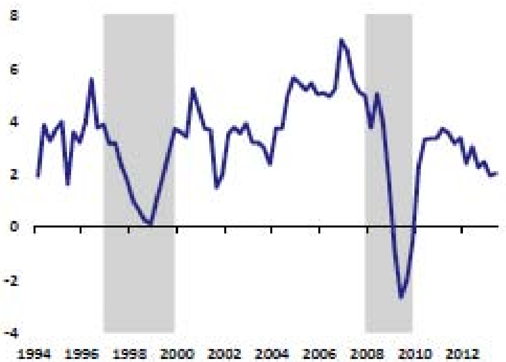
ECONOMY & RETAIL ENVIRONMENT

Doug Murray

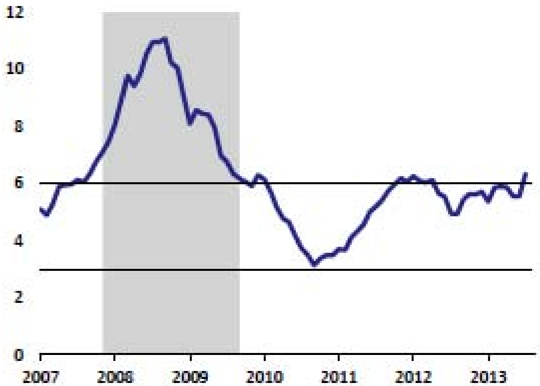
THE ECONOMY AND RETAIL ENVIRONMENT

- News on the global economy remains mixed
  - Signs of healing in Eurozone
  - Chinese slowdown
  - Tapering of quantitative easing
- Outlook for SA economy has deteriorated
  - Domestic labour issues
  - Global concerns
- As a result, projected GDP growth is at 1,9% for 2013, 2,8% for 2014 and 3,5% for 2015 (BER)
- Interest rates are likely to remain on hold for the next 6 - 12 months
- Inflation is currently 6% and likely to remain at the upper end of the 3% - 6% target range
- The effect of the slow down in unsecured credit growth continues
- The local currency has remained under pressure and volatile

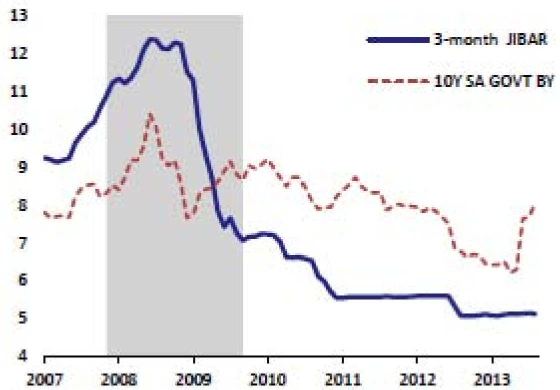
TRADING ENVIRONMENT



Real GDP growth
Year-on-year % change



Inflation (year on year % change)
Measured with CPI



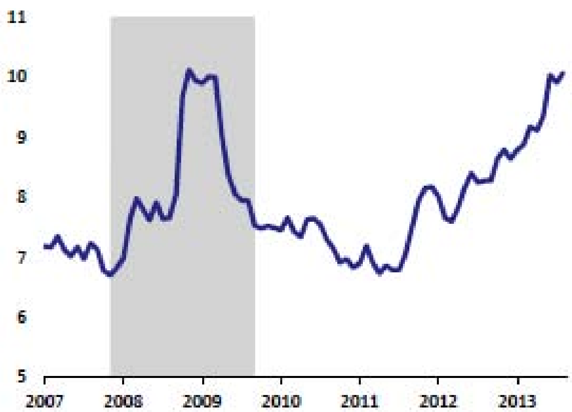
Interest rates
The yield curve returned to a positive slope by Q2 2009

Sources: BER, StatsSA, SARB

Sources: SARB, StatsSA, Reuters

TRADING ENVIRONMENT

Consumer confidence
FNB/BER Consumer confidence index (% net balance)



Nominal exchange rate
Rand:US$ exchange rate

Sources: BER, StatsSA, SARB

Sources: SARB, StatsSA, Reuters

REVIEW OF THE PERIOD

Doug Murray

REVIEW OF THE PERIOD

- Consumers remain under pressure:
  - Dramatic slow down in unsecured lending resulting in a weak consumer credit environment
  - Credit sales under pressure
  - Cash sales strong
- Gross margins within merchandise categories maintained
- Like-for-like expense growth – well controlled
- 81 new stores were opened
- TFG and RCS Group debtors' books continued to be well managed in the current climate
  - Bad debt increasing but within management's expectation
  - Enhanced credit risk measures in place
- RCS Group performed well

REVIEW OF THE PERIOD CONTINUED

RETAIL TURNOVER – R6,7 billion

+9,0%

DILUTED HEPS – 411,2 cents

+3,8%

HEPS – 413,0 cents

+3,1%

OPERATING MARGIN – 22,5%

-0,6%

INTERIM DIVIDEND – 243,0 cents

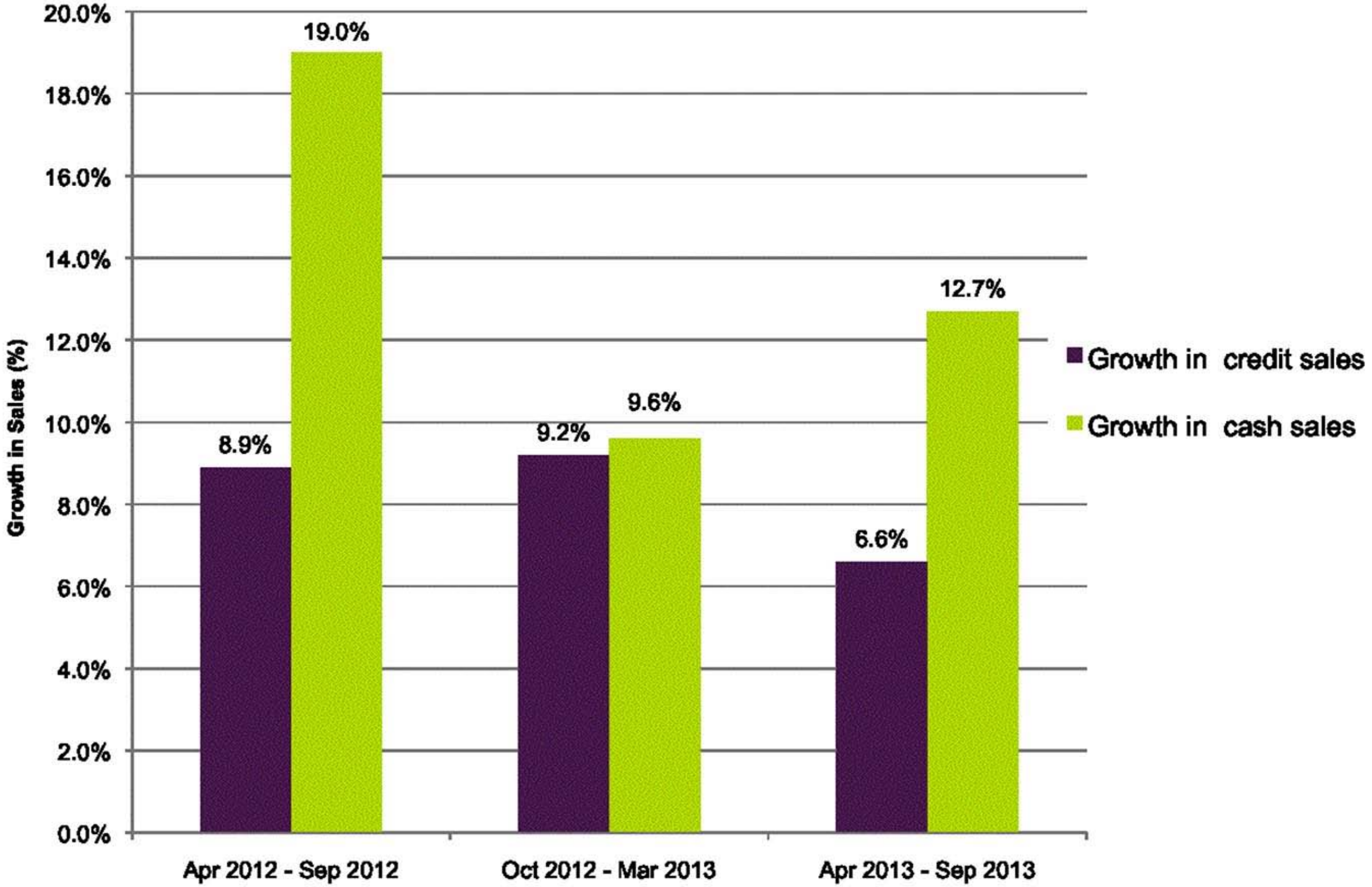
+3,0%

ROE – 26,3%

ROE retail – 28,1%
ROE RCS Group – 18,9%

CONTINUED GROWTH IN ACTIVE ACCOUNTS

CASH VS CREDIT TURNOVER GROWTH



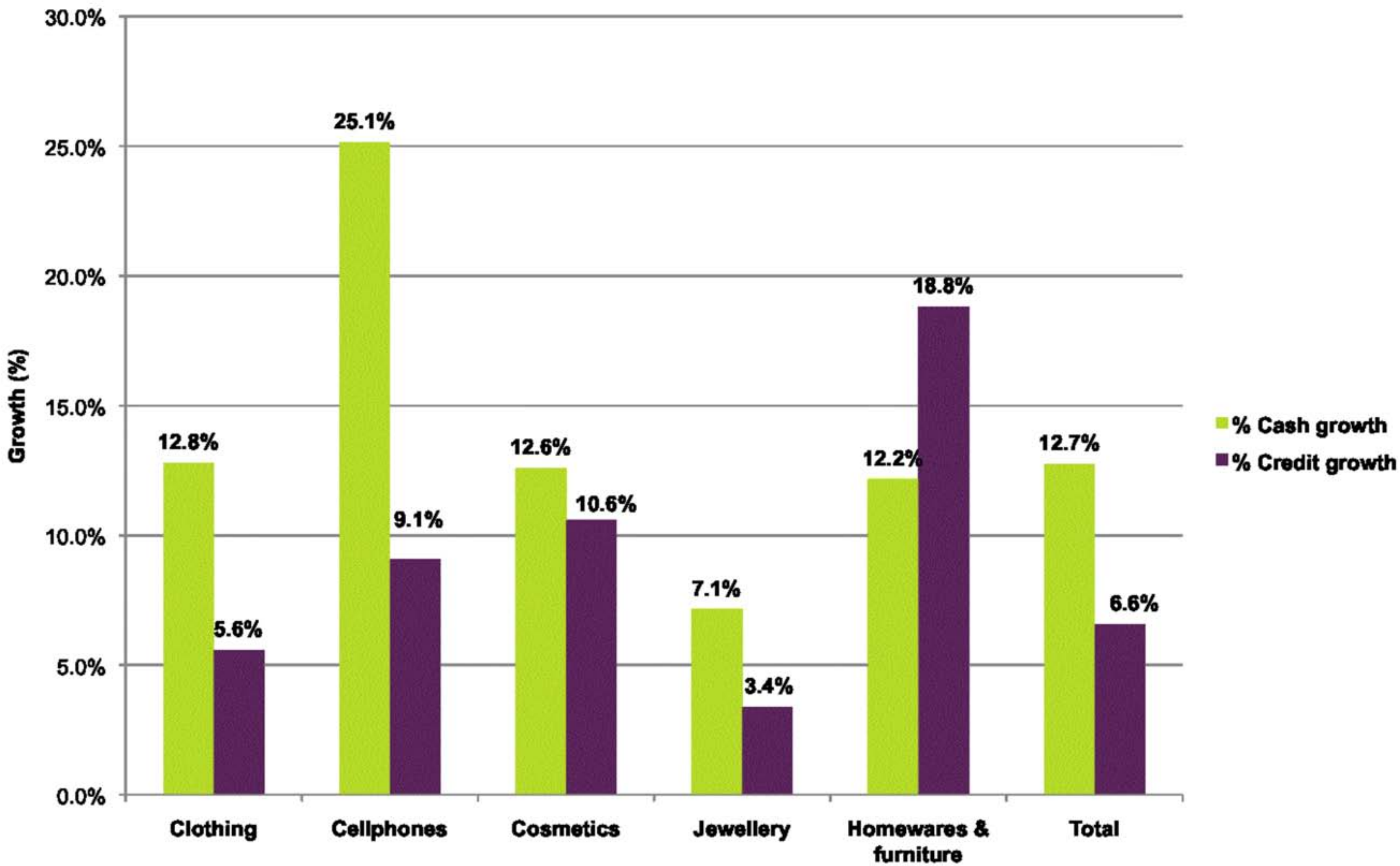
REVIEW OF THE PERIOD CONTINUED

Retail turnover by merchandise category	September 2013 (Rm)	September 2012 (Rm)	% Growth	% Same store growth
Clothing	**4 521,0**	4 174,0	8,3	2,7
Jewellery	**622,3**	592,5	5,0	1,8
Cellphones	**603,4**	534,5	12,9	7,2
Cosmetics	**426,2**	383,5	11,1	7,4
Homeware & furniture	**488,0**	427,7	14,1	12,8
Total	**6 660,9**	**6 112,2**	**9,0**	**4,0**

Cash sales	**2 687,1**	2 383,3	12,7	
Credit sales	**3 973,8**	3 728,9	6,6	
Total group	**6 660,9**	**6 112,2**	**9,0**	

- Cash sales
  - represent 40,3% (Sept 2012: 39,0%)
  - excellent growth at 12,7%

CASH VS CREDIT TURNOVER GROWTH PER MERCHANDISE CATEGORY (%)



DIVISIONAL REVIEW: OVERALL

	September 2013 Turnover (Rm)	% Growth	Number of stores
Foschini division	1 939,3	4,5	357
Fashion Express	377,1	12,4	202
Markham	1 181,7	9,3	294
Exact	638,8	7,1	235
TFG Sports	1 348,4	15,8	454
Jewellery division	687,6	5,7	414
@home	488,0	14,1	94
Group total	**6 660,9**	**9,0**	**2 050**

DIVISIONAL REVIEW: AFRICA EXPANSION

TFG currently operates in the following countries:

- All Africa stores corporate stores
- Rest of Africa now 116 stores
- 25% turnover growth
- 12 new stores were opened in the last 6 months
- Further expansion:
  - Ghana
  - Angola
  - Mozambique
- 300 stores targeted by 2018

FINANCIAL REVIEW

Ronnie Stein

FINANCIAL REVIEW: HALF-YEAR ENDED SEPTEMBER 2013

Income Statement for the period ended	September 2013 (Rm)	September 2012 (Rm)	% change
Retail turnover	6 660,9	6 112,2	9,0
Cost of turnover	(3 882,9)	(3 553,7)	
Gross profit	**2 778,0**	**2 558,5**	
Interest income	1 089,7	966,4	
Other revenue	841,0	671,3	
Trading expenses	(3 211,4)	(2 782,1)	
Operating profit before finance charges	**1 497,3**	**1 414,1**	**5,9**
Finance costs	(192,5)	(156,0)	
Profit before tax	**1 304,8**	**1 258,1**	**3,7**
Income tax expense	(381,1)	(364,1)	
Profit for the period	**923,7**	**894,0**	**3,3**
Attributable to:			
Equity holders of The Foschini Group Limited	856,8	834,7	2,7
Non-controlling interest	66,9	59,3	
HEPS (cents)	413,0	400,5	3,1
Diluted HEPS (cents)	411,2	396,1	3,8
Weighted average number of shares in issue (millions)	207,9	208,6	

TFG – EARNINGS AND DISTRIBUTION

REVENUE

	September 2013 (Rm)	September 2012 (Rm)	% Growth
Retail turnover	6 660,9	6 112,2	9,0
Interest income	1 089,7	966,4	12,8
Other revenue	841,0	671,3	25,3
Group total	**8 591,6**	**7 749,9**	**10,9**

- Satisfactory growth in retail turnover in tough credit environment
- Interest income will be dealt with separately
- Other revenue growth of 25,3%
    - Club income +10,2%
    - Customer charges income + 37,8%
    - Insurance income + 22,6%
    - Cellular income – one2one airtime product + 17,7%
    - These products should continue to grow as our customer base grows

GROSS PROFIT

	September 2013 (Rm)	September 2012 (Rm)
Gross profit (Rm)	2 778,0	2 558,5
Gross margin (%)	41,7	41,8

- Gross margins in all merchandise categories maintained
- Clothing gross margin has upward potential for the future, dependent on currency exchange rate as well as competitive product pricing

INTEREST INCOME

	September 2013 (Rm)	September 2012 (Rm)	% Growth
Trade receivables – retail	540,4	478,1	13,0
Receivables - RCS Group	535,6	477,9	12,1
Sundry	13,7	10,4	31,7
Total interest income	**1 089,7**	**966,4**	**12,8**

- Due to the impact of the NCA capping formula, interest yields at their lowest
- Increase in interest income driven by higher average books
- Interest income from retail debtors' book up 13,0%
  - Arrear balances increased in 2nd half of 2013
  - In current trading period, the debtors' balance has increased in line with credit turnover
  - 87,4% of balances now attracting interest (Sept 2012 – 86,4%)
- Interest income by RCS Group up 12,1%
  - Impact of growth in cards' portfolio
  - Peter Meiring will deal with this in more detail in his section

TRADING EXPENSES

	September 2013 (Rm)	% to turnover 2013	September 2012 (Rm)	% to turnover 2012	% Growth
Depreciation and amortisation	(181,4)	2,7	(157,7)	2,6	15,0
Employee costs - normal	(1 022,4)	15,3	(963,9)	15,8	6,1
Employee costs – share-based payments	(43,8)	0,7	(30,4)	0,5	44,1
Occupancy costs - normal	(652,0)	9,8	(575,9)	9,4	13,2
Occupancy costs – lease liability adjustment	(16,1)	0,2	(15,2)	0,2	5,9
Other net operating costs	(688,0)	10,3	(595,5)	9,7	15,5
	(2 603,7)	**39,1**	**(2 338,6)**	**38,3**	**11,3**
Net bad debts	(607,7)	9,1	(443,5)	7,3	37,0
Total trading expenses	**(3 211,4)**	**48,2**	**(2 782,1)**	**45,5**	**15,4**

- Expenses before bad debt well controlled at 11,3%
  - Like-for-like costs 5,2%
- Employee costs extremely well controlled at 6,1% growth
  - Staff increases were 5,5%
  - Staffing efficiencies at store level have driven this low growth
- Store occupancy costs up 13,2%
  - Normal lease escalations average 7% - 8%
  - The balance is made up of new stores
- Bad debts will be dealt with by Peter Meiring

FINANCE COSTS

	September 2013 (Rm)	September 2012 (Rm)	% Growth
Finance costs - retail	(66,3)	(50,7)	30,8
Finance costs – RCS Group	(126,2)	(105,3)	19,8
Total finance costs	**(192,5)**	**(156,0)**	**23,4**

- Finance charges mainly relate to RCS Group
- Retail interest impacted by share buy-backs

SEGMENTAL ANALYSIS

	September 2013 (Rm)	September 2012 (Rm)	% Growth
Retail	1 097,6	1 072,5	2,3
RCS Group	207,2	185,6	11,6
Total profit before tax	**1 304,8**	**1 258,1**	**3,7**

- Retail produced growth of 2,3% in a difficult period
- RCS Group
  - Good performance – up 11,6% on last year
  - Contribution to group earnings (after tax & minorities) = 9,6% (vs 8,8% Sept 2012)
  - Peter Meiring will deal with this in more detail

STOCK AND CREDITORS

	September 2013 (Rm)	September 2012 (Rm)	% Growth
Stock of merchandise	2 459,6	2 006,5	22,6

- Last year stock at this period was too low caused by logistical issues
- Impact of new stores 7% – 8%
- Quantum of merchandise stock is appropriate for expected levels of trading

	September 2013 (Rm)	September 2012 (Rm)	% Growth
Trade and other payables	2 312,3	1 978,8	16,9

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

TRADE RECEIVABLES

	September 2013 (Rm)	March 2013 (Rm)	% Growth
Loan receivables	1 043,1	1 104,3	(5,5)
Card receivables	3 423,2	3 106,4	10,2
RCS Group	**4 466,3**	**4 210,7**	**6,1**
Trade receivables – retail	**5 502,0**	**5 207,7**	**5,7**
Total receivables	**9 968,3**	**9 418,4**	**5,8**

- Our biggest asset by far
- Total receivables on balance sheet amount to R10,0 billion of which R4,5 billion relates to RCS Group
  - Loan receivables now represent 23% of total RCS Group receivables
- Peter Meiring will deal with the performance of our receivables in more detail

BORROWINGS AND NON-CONTROLLING INTEREST LOAN

	September 2013 (Rm)	September 2012 (Rm)
Interest-bearing debt and non-controlling interest loan	6 032,6	4 494,7
Less: Cash	(1 165,0)	(875,4)
Net borrowings	**4 867,6**	**3 619,3**
Less: SBSA loan to RCS Group (non-controlling interest loan)	-	(51,8)
	4 867,6	**3 567,5**
Add: RCS Cash	570,0	371,7
Less: RCS Group external funding (commercial paper + bank loans)	(3 276,1)	(2 548,2)
Recourse debt / Retail borrowings	**2 161,5**	**1 391,0**

- Recourse gearing of 27,9% (Mar 2013: 18,5%)

CASH GENERATION AND UTILISATION

	(Rm)	September 2013 (Rm)
Net borrowings at beginning of the period		**(3 979,5)**
Cash EBITDA	1 554,2	
Increase in creditors	60,8	
Other net investing activities	11,5	
Cash generated		**1 626,5**
Taxation paid	(432,7)	
Dividends paid	(566,0)	
Retail & other debtors	(319,7)	
RCS Group debtors	(255,6)	
Inventory increase	(191,2)	
Capital expenditure	(271,4)	
Repurchase of shares	(478,0)	
Cash utilised		**(2 514,6)**
Net borrowings at the end of the period		**(4 867,6)**

- Cash EBITDA of R1,6 billion remains sound
- Investment in receivables of R575,3 million
- Capex at R271,4 million – largely due to new store openings – investment for future growth
- Share buybacks R478m

CAPEX

	September 2013 (Rm)	September 2012 (Rm)
Stores	155,7	155,6
RCS Group	15,2	4,5
IT	87,6	121,5
Other	12,9	19,1
Total	**271,4**	**300,7**

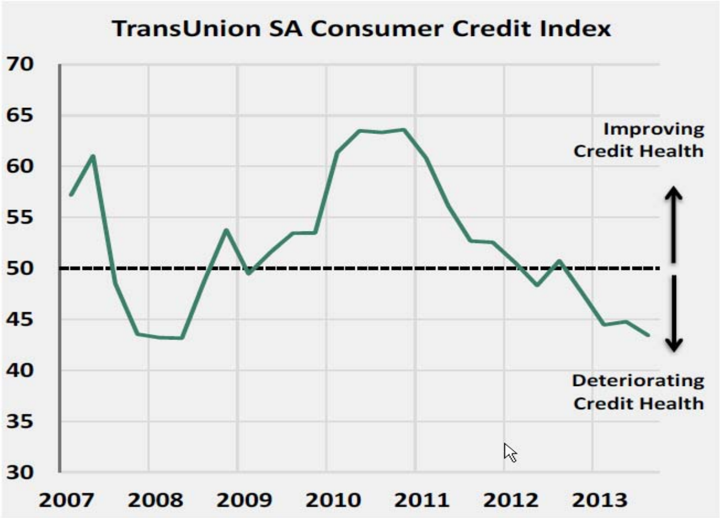
- The majority of capex relates to opening of new stores, in line with our strategy of growing floor space
- Projected capex for 2014 year-end will be approximately R600 million

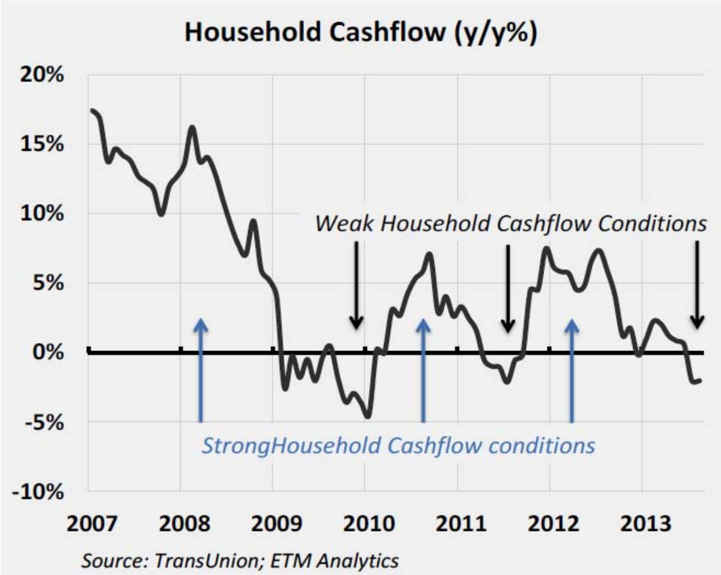
TFG FINANCIAL SERVICES

Peter Meiring

TFG FINANCIAL SERVICES: INDUSTRY REVIEW

- Since November 2012 a marked deterioration in consumer liquidity
- Caused by an over extension of credit to vulnerable sectors
- Characterised by "inability to pay" as opposed to "unwillingness to pay"
- Impacting older stable portfolios
- Further exacerbated by industrial actions and job losses
- Default levels and debt review numbers reaching new highs
- Lenders react by curtailing exposure





TFG FINANCIAL SERVICES: PERIOD OVERVIEW

- Higher delinquency levels due to a marked increase in short payments
  - Collection and recovery yields trend downward
  - Arrears increase to 22,2% from 21,5% LY
  - Fewer customers in a buying position putting credit sales under pressure

  Mitigated by:
  - New scorecards introduced in Nov 2012 with improved predictability
    - Acceptance rates fall by 5%
  - More frequent external customer payment data
    - Right sizing credit limits
    - Improved ability to react to customers with micro loans / credit overexposure
  - In-sourced late stage collections
  - Concerted focus on correct customer contact details
  - Launch of TFG mobile payment platform
- Strong performance in publishing and insurance
- Good growth in the number of Rewards customers

TFG FINANCIAL SERVICES: REWARDS

- Rewards reaches 4 million customer mark (2,2m account customers and 1,8m cash customers)

- The program is unique:
  - Provides instant rewards,
  - Based on customer purchases and preferences

- Spend on transactions with a reward redemption are typically 20% higher than non reward sales

TFG FINANCIAL SERVICES: PERFORMANCE

	September 2013 (Rm)	% Growth	September 2012 (Rm)
Interest income	540,4	13,0	478,1
Other income	198,3	15,6	171,6
Total income	738,7	13,7	649,7
Net bad debt	(441,3)	37,6	(320,8)
Credit costs	(94,8)	(17,1)	(114,4)
EBIT	**202,6**	**(5,5)**	**214,5**

- Interest increases by 13,0%:
  - Balances attracting interest closed at 87,4% (LY 86,4%)
- Bad debt and impairment increase by 37,6% (LY 31,8%)
  - No change in write-off criteria with consistent monthly charge off's
  - No change in impairment policy
    - Markov model
    - Most recent 12 months performance data
- Other Income:
  - Publishing net income increased by 15,5% to R90,9m (LY R78,7m)
  - Insurance net income increased by 18,8% to R110,1m (LY R92,7m)
- Credit costs reduced through improved collection expense recoupment

TFG FINANCIAL SERVICES: BOOK

Key debtor statistics	September 2013	September 2012
Number of active accounts ('000)	2 652,5	2 544,0
Credit sales as a % of total retail sales	59,7	61,0
Net debtors' book (Rm)	5 502,0	4 809,3

- Active account base grows by 4,3% (March 2013: 6,0%)
- Credit turnover growth rate for the period slows to 6,6% (Sept 2012: 8,9%)
- Corresponding book growth for the 6 months is 5,7%

TFG FINANCIAL SERVICES: STATISTICS

Key debtor statistics	September 2013	March 2013	September 2012
Arrear debtors % to debtors' book	22,2	22,4	21,5
Net bad debt write off as a % of credit transactions	6,4	5,7	5,4
Net bad debt write off as a % of debtors' book	11,4	10,5	10,3
Doubtful debt provision as a % of debtors' book	11,2	10,4	9,9
% able to purchase	80,1	79,7	81,5

- Bad debt to book increases to 11,4% reflecting higher levels of distress
- Arrears decreases to 22,2% (March 2013: 22,4%)
- Doubtful debt provision reflects inherent impairment in the book

TFG FINANCIAL SERVICES: STRATEGY AND OUTLOOK

- Weak consumer credit outlook likely to persist:
    - Continue to apply prudent credit risk management policy
    - Source new customers from groups less impacted by over extension
    - Increase the pool of cash customers through Rewards
- Credit regulatory environment:
    - Affordability guidelines released for comment
    - Credit amnesty guidelines released for comment
- Account growth expected to remain at current levels
- Further product innovation in publishing and insurance portfolio will sustain growth

RCS GROUP

Peter Meiring

RCS GROUP: OVERVIEW

Performance

- Increase in cards market share:
    - Good growth in customer numbers
    - Expanded merchant network with new national retailers
- Stable unsecured lending portfolio
    - High repeat business with consistent term and loan values
- Despite higher bad debt levels, solid profit growth of 11,6%
- Healthy balance sheet with adequate provision cover
- Continued support in the capital and banking markets for funding

Investment

- IT platforms consolidated onto one system
- Collections and transactional fraud capability expanded

RCS GROUP: FINANCIAL REVIEW – SEPTEMBER 2013

	September 2013 (Rm)	% change	September 2012 (Rm)
Interest income	541,5	12,5	481,5
Other income	302,4	20,4	251,1
Total credit income	**843,9**	**15,2**	**732,6**
Net bad debt	(166,4)	35,6	(122,7)
Operating costs	(342,0)	9,9	(311,2)
EBIT	**335,5**	**12,3**	**298,7**
Finance costs	(128,3)	13,4	(113,1)
Profit before tax	**207,2**	**11,6**	**185,6**

- Total credit income
  - Lower interest yield due to NCA rate reduction and increased card vs. loans mix
  - Non-interest income driven by customer growth, insurance income and network expansion
- Net bad debt
  - Increase in write-off and delinquency due to current market stresses
  - Recoveries yield flat due to declining write off in the preceding three years
  - Provision cover remains above 100%
- Operating costs
  - Cost to income ratio improves to 40,5% (2012: 42,5%)
- Finance costs
  - Funding diversification drives down interest cost

RCS GROUP: PERFORMANCE

Key debtor statistics	September 2013	September 2012
Number of active accounts ('000)	968	829
Net debtors' book (Rm)	4 466	3 781
Arrear debt as percentage of total debt[1]	11,0	9,3
Non performing loans as percentage of total debt[2]	7,9	6,4
Net bad debt write-off as percentage of average debtors' book	7,0	5,7
Doubtful debt provision as percentage of debtors' book	8,8	7,9
Provisions as percentage of non performing loans	110,8	123,0
Percentage of applicants granted credit on cards portfolios	48,0	48,6

[1] Arrear debt defined as 60 days+

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

- Active customer accounts grow by 16,8% across all portfolios
- Non performing loans (NPL) growth in line with lagged book growth
- Investment in collections resources and strategies yielding positive results

RCS GROUP: FINANCIAL POSITION & TREASURY

Capital Ratios	September 2013	September 2012
Return on equity[1]	18,9%	19,0%
Debt : Equity[2]	65,1%	64,9%

[1] Return on equity – Profit after taxation / Average Shareholders Equity
[2] Debt : Equity - Term Funding/(Shareholders Equity (excl. Minority Interest) + Term Funding)

- Treasury
  - R2,1bn of bonds and commercial paper in issue under the DMTN programme
  - Diversification of investor base and funding tenure continues
  - Committed funding facilities in place to support growth for the future
  - Positive asset liability mismatch maintained

RCS GROUP: OUTLOOK

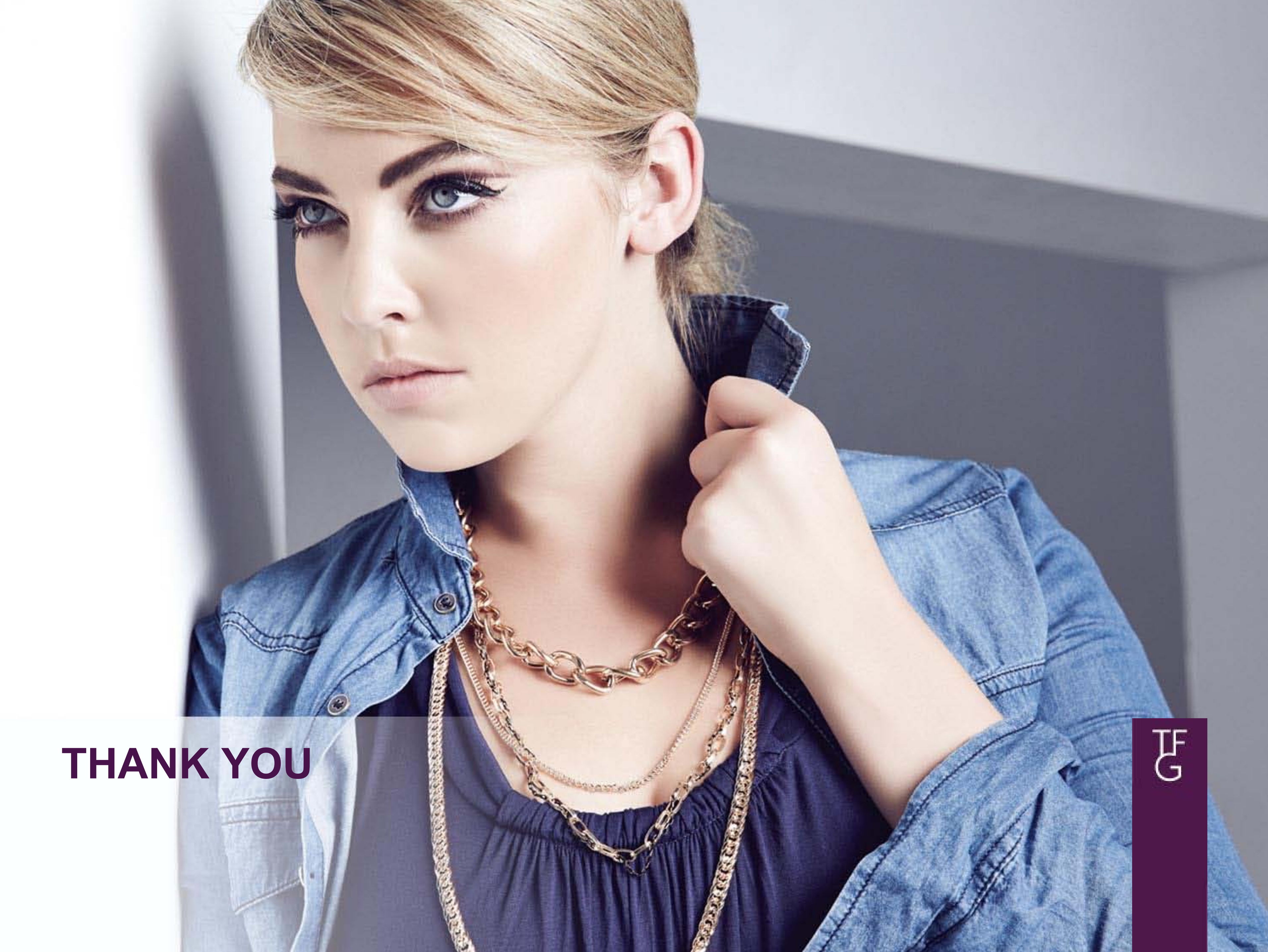
- Outlook
  - Muted economic growth and a tougher consumer environment
  - Positive trends in book and profit growth but at a lower level than in previous years
  - Adequate funding facilities in place to deliver business plans
  - Continue capital markets activity through periodic fund raising efforts
  - Maintain healthy balance sheet with a specific focus on collections
- Growth
  - Further expansion of private label and co-branded opportunities
  - New distribution channels
  - Expansion of our merchant network with new national retailers
- August SENS announcement re EOI
  - Nothing further to report

OUTLOOK & GUIDANCE

Doug Murray

OUTLOOK AND GUIDANCE FOR SECOND HALF OF 2014

- Difficult credit environment is unlikely to improve in second half of the year due to high level of customer indebtedness
    - Net bad debt to book projecting approximately 12%
- Space growth - 92 new stores planned for 2nd half – approx 6% space growth for full year
- 2nd half inflation anticipated between 7% and 8%
- Gross margins to be maintained
- Continued focus on costs
    - Like-for-like to be maintained at approximately 5%
- Good performance from RCS Group
    - August SENS announcement re EOI
- Continued focus on key strategic initiatives – supply chain, CRM, omni-channel, Africa
- Retail sales for the first five weeks are at similar levels to the 1st half
- Improved performance expected in 2nd half
- 2nd half heavily dependent on Christmas trading, which will largely determine the performance of our group for this period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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.