RESULTS PRESENTATION

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2014

AGENDA

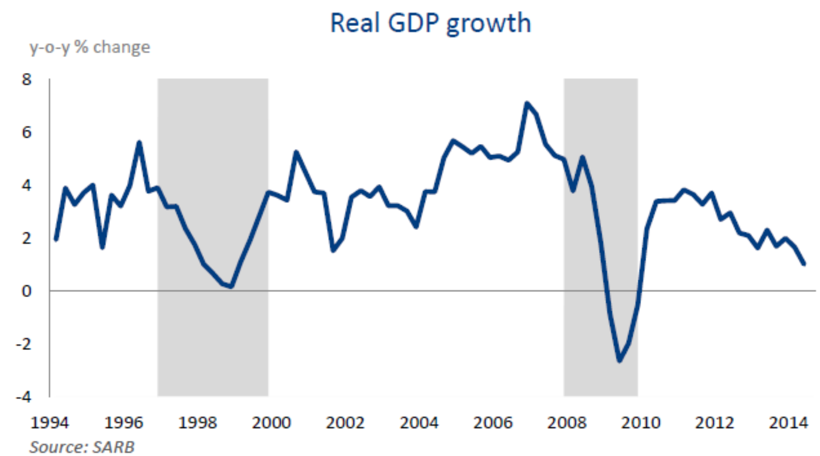
• Economy & retail environment	Doug Murray
• Review of the period	Doug Murray
• Business review	Doug Murray
• Financial review	Ronnie Stein
• TFG Financial Services	Jane Fisher
• Outlook	Doug Murray

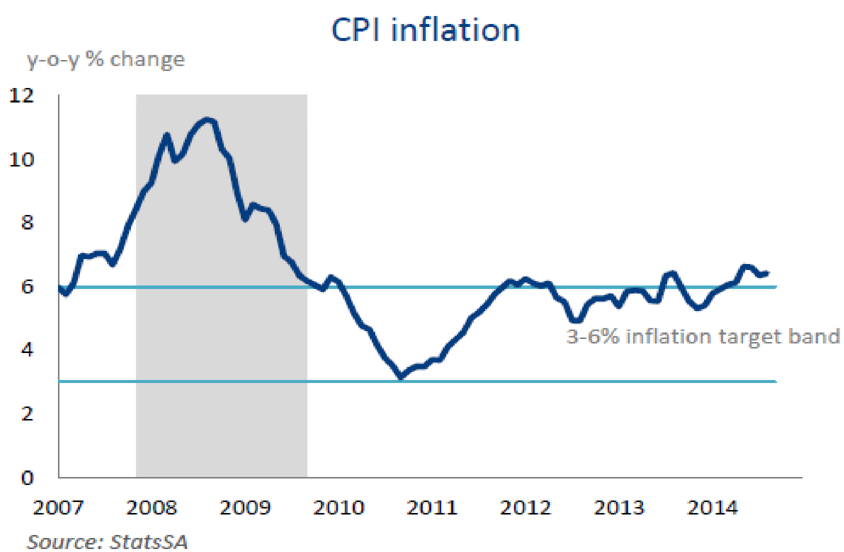
ECONOMY & RETAIL ENVIRONMENT

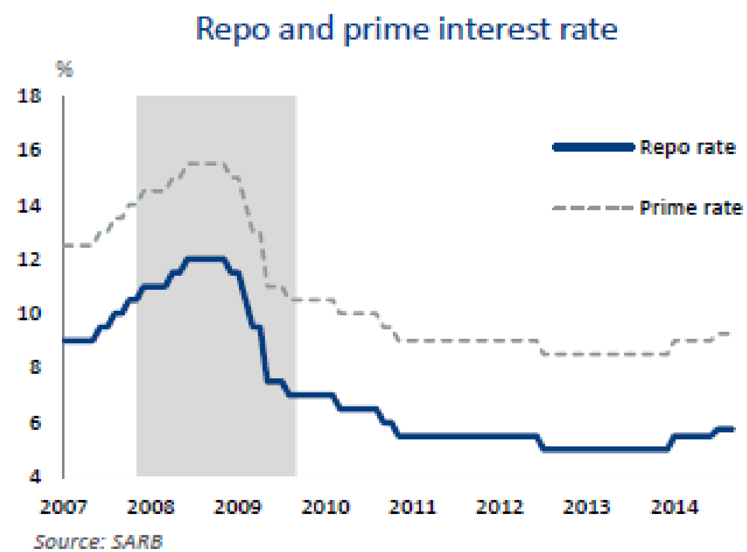
THE ECONOMY AND RETAIL ENVIRONMENT

- The global economic outlook remains mixed
  - Growth for 2014 flat
  - Advanced economies showing mixed signs of economic momentum
    - German economy under pressure
    - Weaker outlook for China
- Domestic economy remains vulnerable
  - Large domestic trade and current account deficits
  - Impact of industrial activity – strikes in the platinum, metals and engineering as well as postal sectors
  - Continued Rand weakness
  - Inflation remains around 6%
  - Upward pressure on interest rates
  - Muted employment growth and slowdown in growth of social grants
  - Consumer spending remains under pressure
- GDP growth outlook remains constrained (BER)
  - 2014 projected at 1,4% (down from 2,3% previously)
  - 2015 projection unchanged at 3,0%

TRADING ENVIRONMENT

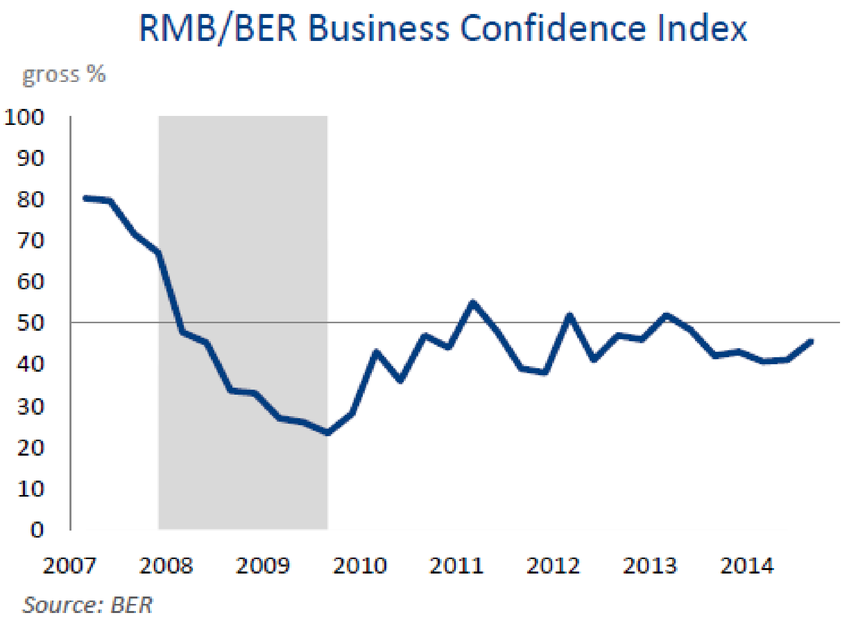


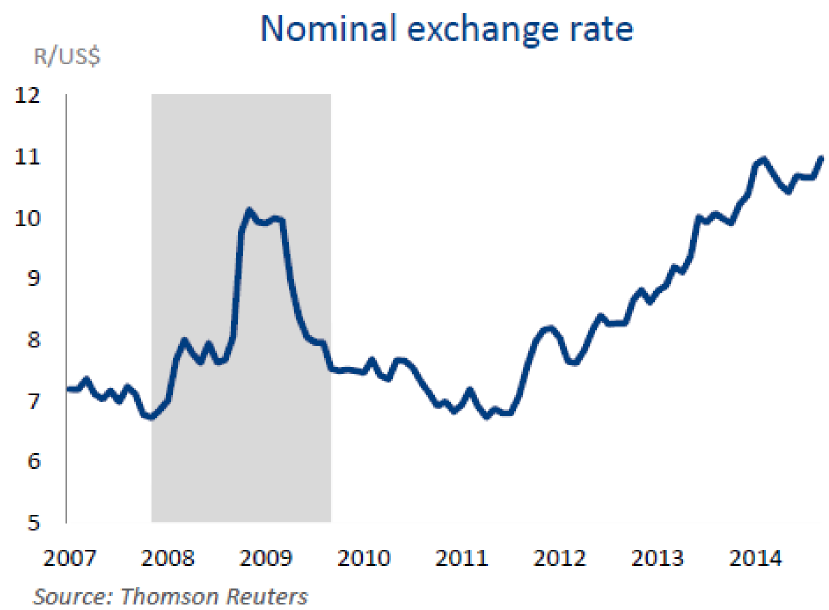




Source of graphs: BER Economic Snapshot October 2014

TRADING ENVIRONMENT





Source of graphs: BER Economic Snapshot October 2014

REVIEW OF THE PERIOD

REVIEW OF THE PERIOD

- Consumers remain under pressure
  - Difficult credit cycle
  - Credit sales constrained
- Cash sales buoyant
  - Indicating desirability of our merchandise to customers
- Gross margins in all product categories maintained
  - Merchandise inflation at approximately 7%
- Like-for-like expense growth at 8%
- 109 new stores opened, 14 outside of South Africa
- TFG debtors' book continues to be well managed in the current climate
  - Bad debt increasing at slower rate, within management's expectation
  - Continued implementation of appropriate credit risk measures
  - Early signs of improved trend were evident prior to postal strike
  - Book adequately provisioned
- RCS Group
  - Transaction completed – closing date 6 August 2014
  - Effective 30 June 2014 (i.e. results included for 3 months as discontinued operation)
  - TFG's share of proceeds R1,4 billion, profit on disposal approximately R273 million

SEPTEMBER 2014: SALIENT FEATURES

RETAIL TURNOVER – R7,3bn

+9,7%

HEPS continuing – 403,3 cents

+8,0%

DILUTED HEPS continuing – 401,7 cents

+8,0%

HEPS total – 426,5 cents

+3,3%

INTERIM DIVIDEND – 263,0 cents

+8,2%

GROSS MARGIN – 45,4%

↔

OPERATING MARGIN RETAIL – 17,1%

-0,4%

NET BAD DEBT / CLOSING DEBTORS' BOOK – 12,9%

+0,5%

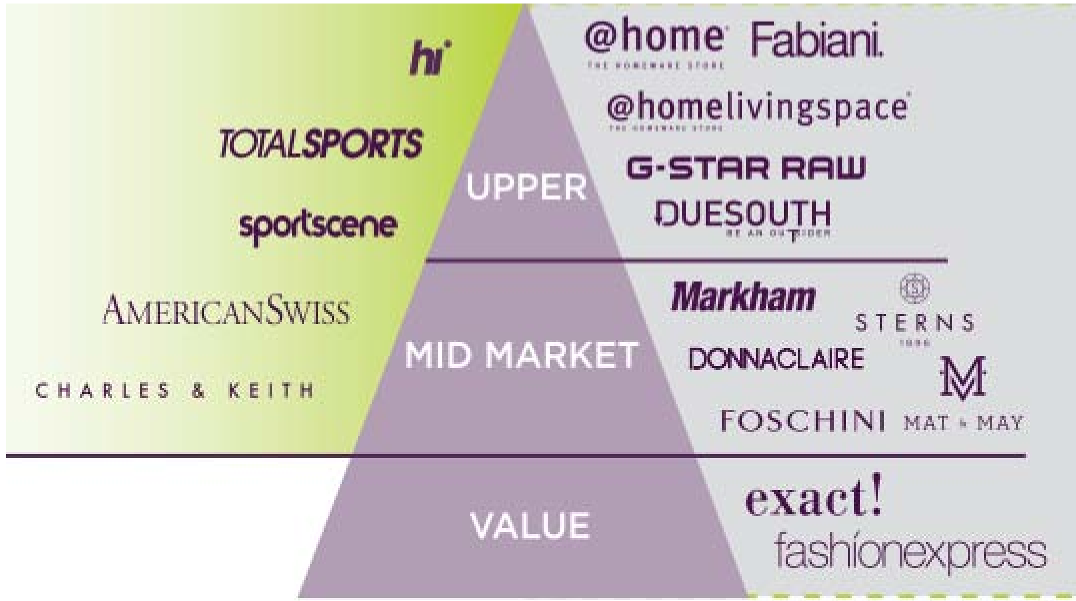
ROE RETAIL – 29,2%

+1,8%

DEBT / EQUITY RETAIL – 17,7%

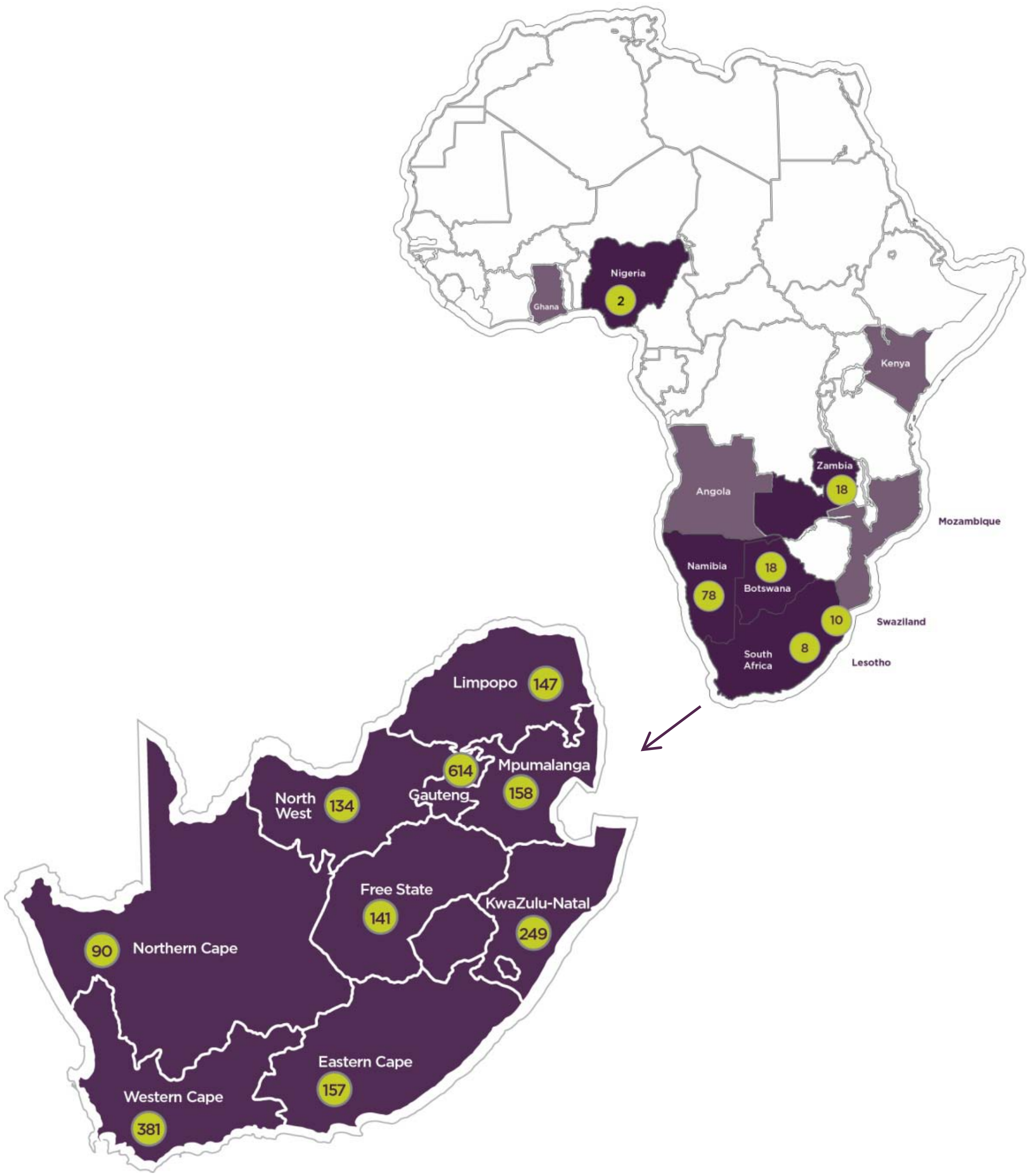
BUSINESS REVIEW

BUSINESS REVIEW: OVERVIEW



- TFG = home of leading retail brands
  - › 17 brands
    - Primarily own brands – leading household names
  - › Over 2 200 stores
    - 2 071 in South Africa
    - 134 rest of Africa
- Broad product offering across various merchandise categories
- Broad LSM appeal from value to upper end

BUSINESS REVIEW: FOOTPRINT



Brand	South Africa	Africa	Total number of stores
@home	77	3	80
@home livingspace	20	-	20
American Swiss	213	16	229
Charles & Keith	10	-	10
Donna Claire	83	4	87
DueSouth	40	4	44
exact!	241	12	253
Fabiani	18	-	18
Fashion Express	209	15	224
Foschini	248	19	267
G-Star Raw	5	-	5
Hi	3	-	3
Markham	280	20	300
Mat & May	29	-	29
Sportscene	179	10	189
Sterns	159	15	174
Totalsports	257	16	273
Group Total	**2 071**	**134**	**2 205**

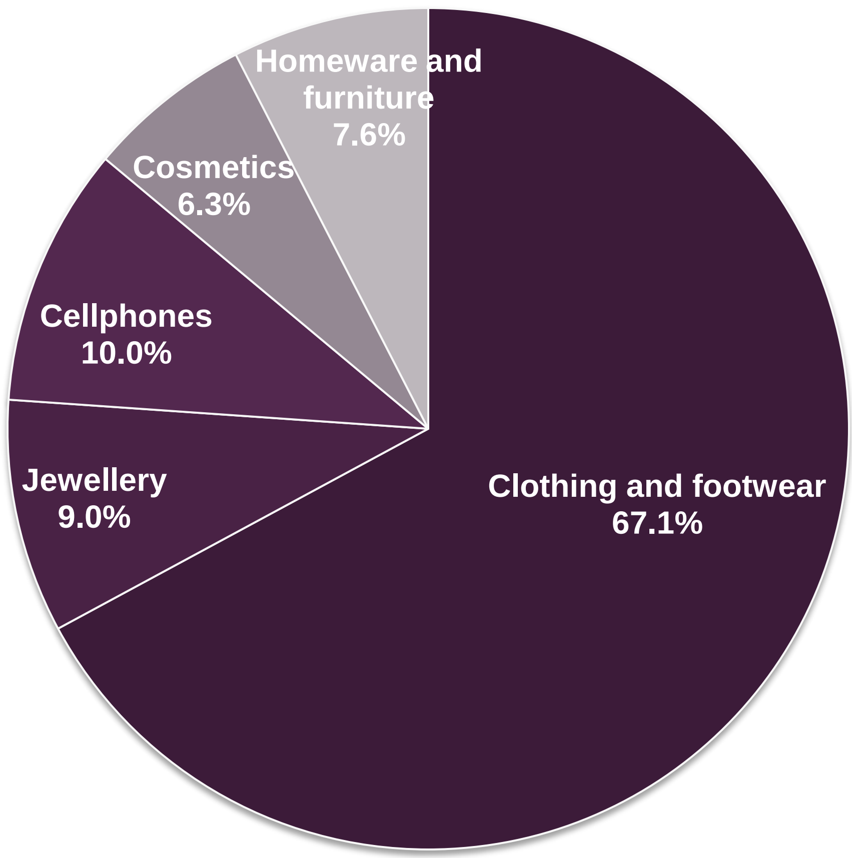
BUSINESS REVIEW: TURNOVER BY MERCHANDISE CATEGORY

Retail turnover by merchandise category	September 2014 (Rm)	September 2013 (Rm)	% Change	% Same store growth
Clothing	**4 903,2**	4 521,0	8,5	3,3
Jewellery	**656,0**	622,3	5,4	0,7
Cellphones	**729,0**	603,4	20,8	16,4
Homeware & furniture	**552,3**	488,0	13,2	7,2
Cosmetics	**464,6**	426,2	9,0	5,1
Total	**7 305,1**	**6 660,9**	**9,7**	**4,7**

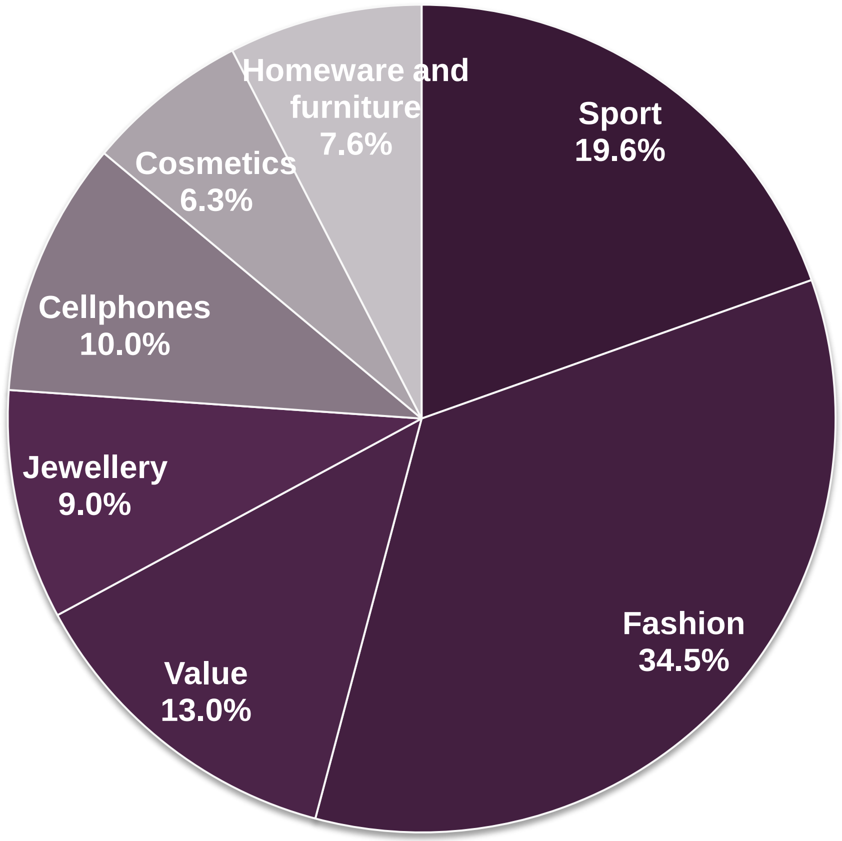
Cash sales	**3 232,2**	2 687,1	20,3	
Credit sales	**4 072,9**	3 973,8	2,5	
Total	**7 305,1**	**6 660,9**	**9,7**	

- Cash sales
  - Represent 44,2% of total sales (Sept 2013: 40,3%)
  - Excellent growth at 20,3%

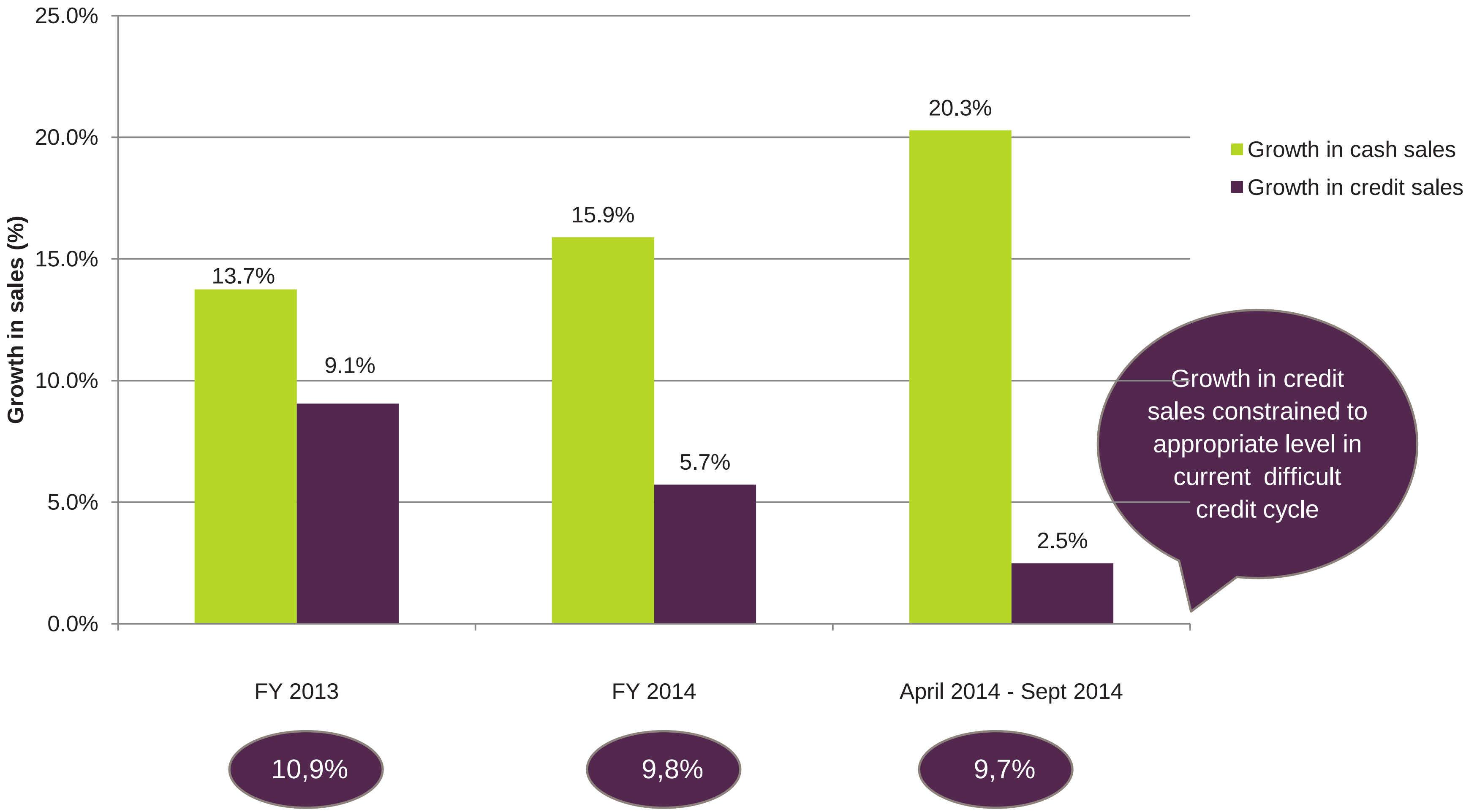
BUSINESS REVIEW: MERCHANDISE CATEGORY CONTRIBUTION



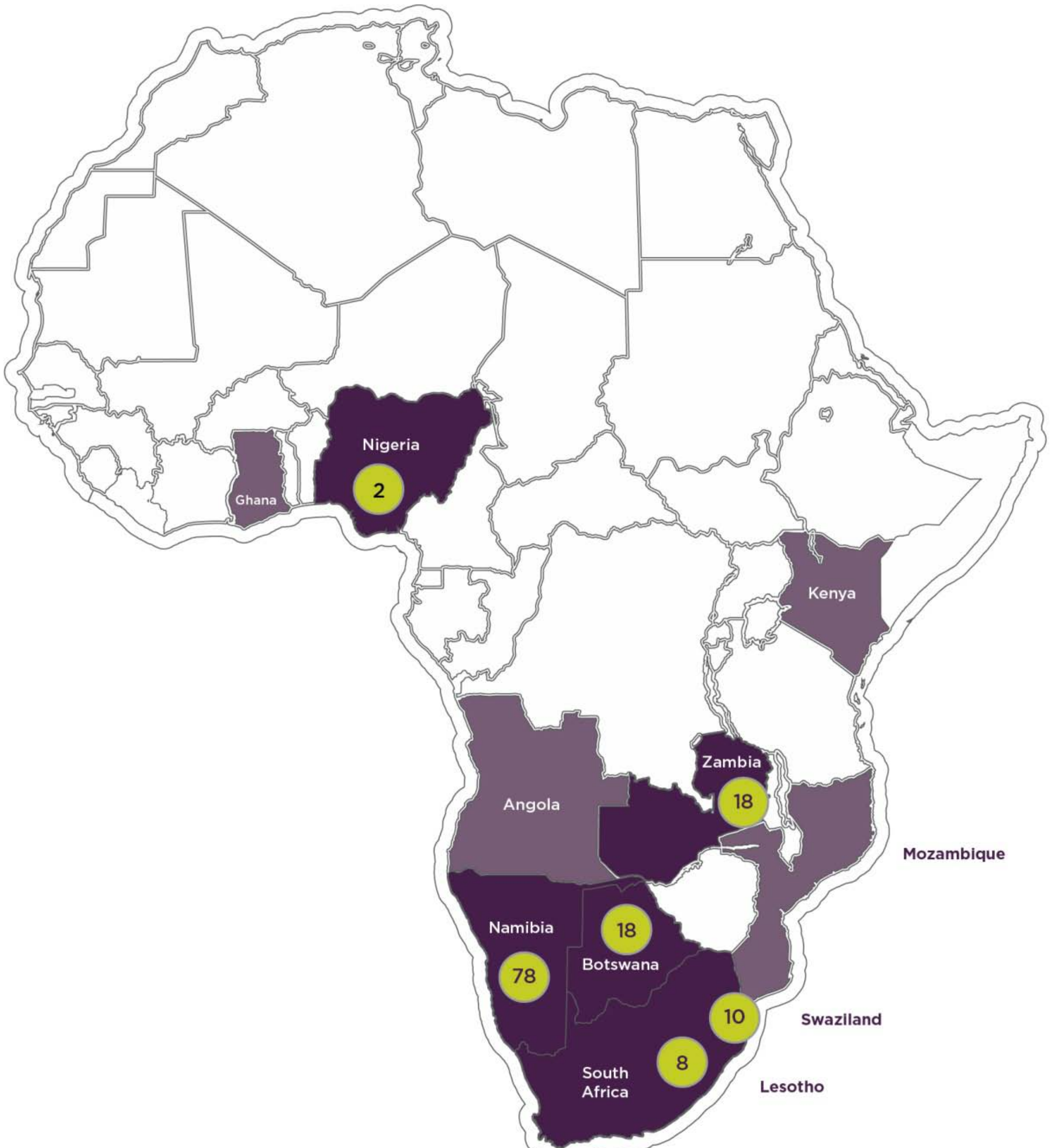
BUSINESS REVIEW: MERCHANDISE CATEGORY CONTRIBUTION



BUSINESS REVIEW: CASH VS CREDIT TURNOVER GROWTH



BUSINESS REVIEW: AFRICA



- All Africa stores corporate stores
- Rest of Africa now 134 stores
- 25,9% turnover growth with 16% same store turnover growth
- All territories profitable other than Nigeria
- 14 stores opened during the year
- Further expansion
  - › Ghana (2nd half 2015)
  - › Kenya
  - › Mozambique
  - › Angola
- 2018 target: 280 – 300 stores

FINANCIAL REVIEW

FINANCIAL REVIEW: HALF-YEAR ENDED 30 SEPTEMBER 2014

	September 2014	% Change
Revenue (Rm)	8 538,3	10,2
Retail turnover (Rm)	7 305,1	9,7
Gross margin (%)	45,4%	
Trading expenses excluding net bad debt (Rm)	2 819,8	12,0
Net bad debt (Rm)	485,2	9,9
Operating margin (%)	17,1%	
Profit from continuing operations (Rm)	821,6	6,1
Profit from discontinued operations (Rm)	86,2	
Profit on disposal of discontinued operations (Rm)	273,2	
Total profit for the period (Rm)	1 181,0	27,9
EPS – total (cents)	559,6	35,8
HEPS – total (cents)	426,5	3,3
HEPS – continuing operations (cents)	403,3	8,0

FINANCIAL REVIEW: RCS GROUP TRANSACTION

- RCS Group transaction now completed
  - › Closing date 6 August 2014
  - › Effective date 30 June 2014
- Results include 3 months trading of RCS Group
- TFG share of proceeds R1,4 billion
  - › Currently used to reduce borrowings
  - › Board continues to evaluate all alternatives
- Profit on disposal of R273,2 million

TFG EARNINGS AND DISTRIBUTION

REVENUE

	September 2014 (Rm)	September 2013* (Rm)	% Change
Retail turnover	**7 305,1**	6 660,9	9,7
Interest income	**663,5**	548,2	21,0
Other revenue	**569,7**	541,6	5,2
Group total	**8 538,3**	**7 750,7**	**10,2**

*2013 restated to reflect RCS Group as discontinued operation

- Satisfactory growth in retail turnover in tough credit environment
- Interest income will be dealt with separately
- Other revenue growth + 5,2%
  - Publishing income + 4,3%
  - Insurance income + 2,1%
  - Mobile one2one airtime income + 10,4%
  - Collection cost recovery + 5,5%
  - These products should continue to grow in line with the growth in our customer base

GROSS PROFIT

	September 2014	September 2013*
Gross profit (Rm)	**3 318,8**	3 033,2
Gross margin (%)	**45,4**	45,5

*Cost of sales definition at March 2014 refined to include only costs directly related to the cost of merchandise. Previously included cost of marketing, buying and planning, now treated as a trading expense. 2013 restated accordingly.

- Gross margins consistent in all merchandise categories

INTEREST INCOME

	September 2014 (Rm)	September 2013 * (Rm)	% Change
Trade receivables – retail	**654,0**	540,4	21,0
Sundry	**9,5**	7,8	21,8
Total interest income	**663,5**	548,2	21,0

*2013 restated to reflect RCS Group as discontinued operation

- Due to the impact of the NCA capping formula, interest yields remain at historically low levels
- Interest income from retail debtors' book up 21,0% driven by
  - Higher average book
  - Interest rate increase 50bps January and 25bps July
  - Over 90% of all new customers choosing a 12-month account as opposed to a 6-month account
  - 88,5% of balances now attracting interest (Sept 2013: 87,4%)

TRADING EXPENSES

	September 2014 (Rm)	% to turnover Sept 2014	September 2013* (Rm)	% to turnover Sept 2013	% Growth
Depreciation	**(198,2)**	2,7	(173,2)	2,6	14,4
Employee costs	**(1 056,8)**	14,5	(974,0)	14,6	8,5
Occupancy costs	**(748,7)**	10,2	(663,3)	10,0	12,9
Other net operating costs	**(816,1)**	11,2	(707,3)	10,6	15,4
	(2 819,8)	**38,6**	**(2 517,8)**	**37,8**	**12,0**
Net bad debts	**(485,2)**	6,6	(441,3)	6,6	9,9
Total trading expenses	**(3 305,0)**	**45,2**	**(2 959,1)**	**44,4**	**11,7**

*2013 restated to reflect RCS Group as discontinued operation

- Expenses before bad debt well controlled at 12,0%
- Employee costs well controlled at 8,5% growth
- Store occupancy costs up 12,9%
  - Normal lease escalations average 7% - 8%
  - The balance is made up of new stores
- Other net operating costs increased by 15,4%
  - Burglaries and armed robberies (+ 35%)
  - CRM, Rewards discounts and utilities
- Bad debts will be dealt with by Jane Fisher

FINANCE COST

	September 2014 (Rm)	September 2013* (Rm)	% Growth
Finance cost	**(85,6)**	(66,3)	29,1

*2013 restated to reflect RCS Group as discontinued operation

- Interest impacted by:
  - Higher average borrowing levels
    - Level of debtors' book and capex
    - Offset by proceeds from the disposal of the RCS Group (R1,4 billion)
      - Majority received in August, balance received end September
  - Higher average cost of borrowings
    - Inclusion of term funding
    - Interest rate increase 50bps January and 25bps July

STOCK AND CREDITORS

	September 2014 (Rm)	March 2014 (Rm)	% Growth
Inventory	**2 846,6**	2 775,9	2,6

- March 2014 inflated due to move of Easter
- Includes impact of new stores
- Quantum of merchandise stock is appropriate for expected levels of trading

	September 2014 (Rm)	March 2014 (Rm)	% Growth
Trade and other payables	**1 999,8**	1 853,0	7,9

- Stock partly funded by creditors
- Creditors terms remain 30 days from statement

TRADE RECEIVABLES

	September 2014 (Rm)	March 2014 (Rm)	% Growth
Trade receivables - retail	**5 971,0**	5 796,6	3,0

- Our biggest asset by far
- Increased at approximately the same rate as credit turnover
- Continues to be well managed in the current climate
  - Adequate provisioning
- Jane Fisher will deal with the performance of our receivables in more detail

CASH GENERATION & UTILISATION

	September 2014 (Rm)	March 2014 (Rm)
Interest-bearing debt	**1 803,4**	2 960,4
Less: Cash	**(433,1)**	(301,3)
Borrowings	**1 370,3**	**2 659,1**

	(Rm)	September 2014 (Rm)
Net borrowings at beginning of the period		**(2 659,1)**
Cash EBITDA	1 429,9	
Increase in creditors	96,4	
Proceeds on disposal of discontinued operations	1 442,7	
Other net investing activities	10,0	
Cash generated		**2 979,0**
Taxation paid	(419,6)	
Dividends paid	(603,7)	
Receivables increase	(139,2)	
Inventory increase	(70,7)	
Capital expenditure	(321,5)	
Net cash flows from share incentive scheme transactions	(135,5)	
Cash utilised		**(1 690,2)**
Net borrowings at the end of the period		**(1 370,3)**

- Gearing of 17,7% (March 2014: 36,8%)

CAPEX

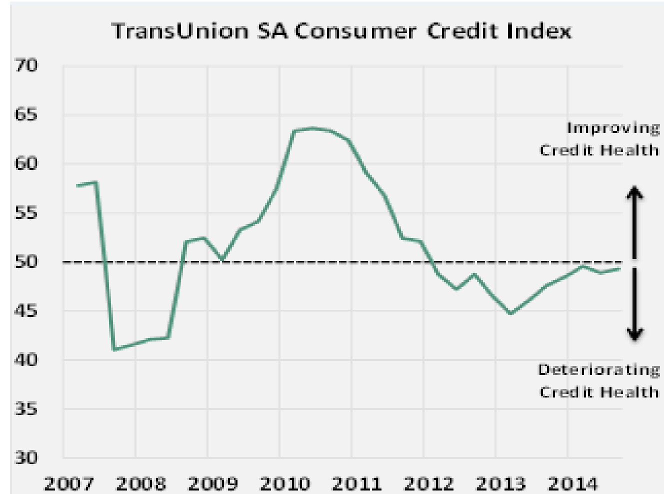
	September 2014 (Rm)	September 2013* (Rm)
Stores	**197,9**	155,7
IT	**95,3**	87,6
Other	**28,3**	12,9
Total	**321,5**	**256,2**

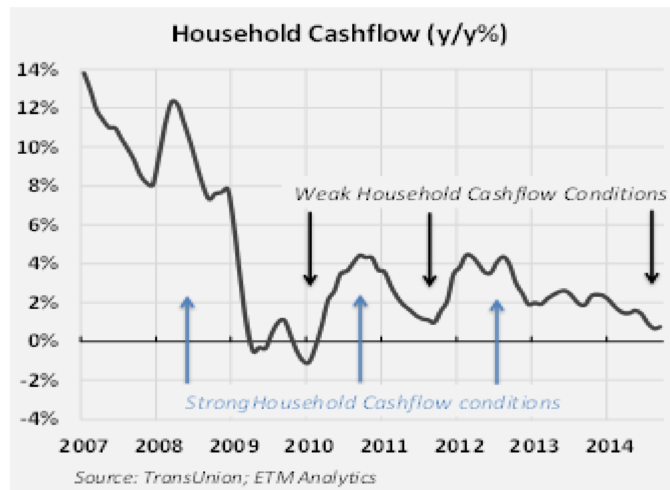
*2013 restated to reflect RCS Group as discontinued operation

- The majority of capex relates to opening of new stores, in line with our strategy of growing floor space
- Projected capex for 2015 year-end will be approximately R625 million

TFG FINANCIAL SERVICES

- Index declined marginally this quarter; this is now the 10th consecutive quarter of deteriorating credit health
- Household cashflows still very weak
- Food, petrol and utilities bills are increasing at a faster rate than household income
- Further exacerbated by metal workers and postal strikes
- Level of consumer loan defaults still high when compared to prior years





TFG FINANCIAL SERVICES: PERIOD OVERVIEW

- Slowdown in growth of delinquency levels, but remains high
  - Growth in net bad debt dropped from 39,5% (March 2014) to 9,9% (Sept 2014)
  - Improvements in application scoring leading to better quality accounts
  - Pre-delinquency strategies showing good results
  - Investment in recovery systems enabling improved recoveries yield
  - Only 13% of our active portfolio have an ABIL account. We have been tracking these accounts and have found no deterioration in the performance of these accounts relative to the rest of our accounts.

- Credit sales growth remain muted
  - Active account base growth slowed to 0,4% from 2,2% (March 2014)
  - Credit turnover growth continues to slow, down to 2,5% from 6,6% (Sept 2013)
  - Rewards program continues to underpin and support sales particularly in the cash environment

- Net bad debt statistics higher as a result of slowing book growth
  - Book growth for this period at 3,0%
  - Provisioning increased in line with bad debt experience

TFG FINANCIAL SERVICES – CREDIT: PERFORMANCE

	September 2014 (Rm)	September 2013* (Rm)	% Growth
Interest income	**654,0**	540,4	21,0
Net bad debt	**(485,2)**	(441,3)	9,9
Credit costs	**(97,9)**	(87,3)	12,1
EBIT	**70,9**	**11,8**	

* Restated to show credit separately from other customer value added products as per year end March 2014

- Interest income increased by 21,0%
  - Balances attracting interest closed at 88,5% (Sept 2013: 87,4%)
  - Interest rate increase 50bps January and 25bps July
- Bad debt and impairment increase by 9,9% (Sept 2013: 37,6%)
  - Significant slow down in growth of bad debts and impairments
  - 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

TFG FINANCIAL SERVICES - CREDIT : BOOK

Key debtor statistics	September 2014	September 2013	% Growth
Number of active accounts ('000)	**2 663,3**	2 652,5	0,4%
Credit sales as a % of total retail sales	**55,8**	59,7	
Net debtors' book (Rm)	**5 971,0**	5 502,0	8,5%

- Credit turnover growth rate for the period slows to 2,5% (Sept 2013: 6,6%)
  - Growth in number of accounts able to spend remains constrained
    - Lower number of new accounts
    - Arrears levels still high
- Corresponding net book growth for the 6 months is 3,0% (Sept 2013: 5,7%)

TFG FINANCIAL SERVICES - CREDIT : STATISTICS

Key debtor statistics	**September 2014**	March 2014	September 2013
Arrear debtors % to debtors' book*	**24,2**	25,2	22,2
Overdue values % to debtors' book	**15,1**	15,3	15,8
Net bad debt write off as a % of credit transactions	**7,5**	7,1	6,4
Net bad debt write off as a % of debtors' book	**12,9**	12,4	11,4
Doubtful debt provision as a % of debtors' book	**13,0**	12,3	11,2
% able to purchase	**81,1**	79,3	80,1

* Treats the full balance as arrears rather than only the overdue amount

- Overdue values % introduced as new statistic to enable better industry comparison
  - This reflects the overdue portion of our debtors at statement month-end
  - Would therefore be lower if rolled forward to September month-end
- Net bad debt to book increases to 12,9% reflecting higher levels of distress
- Provisioning increased in line with bad debt experience

TFG FINANCIAL SERVICES : CUSTOMER VALUE ADDED PRODUCTS

	September 2014 (Rm)	September 2013* (Rm)	% Growth
Publishing net income	**88,1**	86,6	1,7
Insurance net income	**104,1**	105,6	(1,4)
Mobile one2one airtime net income	**36,9**	32,1	15,0
EBIT	**229,1**	224,3	2,1

* Restated to show credit separately from other customer value added products as per year end March 2014

- Publishing income
  - Total monthly circulation of 1,8 million
  - Total number of titles 11 (March 2014: 11)
  - MyKitchen magazine has just been launched
- Insurance income
  - Primarily short-term non-mandatory products
  - 12 products (March 2014: 11)
- One2one
  - 137k subscribers to a highly competitive product

TFG FINANCIAL SERVICES: STRATEGY & OUTLOOK

- Good first half and a tougher second half of the year to be expected
  - Account growth likely to stay flat for financial year end
  - Growth of credit sales expected to remain muted
  - Book growth is likely to slow in second half of the year

- Consumers are still under significant pressure
  - Bad debt in the second half of the year will continue to grow, but at a slower rate than last year
  - Bad debt expected to grow at a faster rate than book growth largely driven by the impact of the postal strike

- Going forward, focus on key initiatives
  - Implementation of Affordability Regulations
  - Improve yield from the credit book through Rewards program
  - Further optimisation of external data within risk management strategies

OUTLOOK

OUTLOOK & GUIDANCE FOR SECOND HALF 2015

- We expect to continue to benefit from strong cash sales growth
- Credit environment likely to remain challenging although have started to see some improvement
  - Postal strike having negative impact in the short term
- Gross margins to be maintained
  - Second half inflation anticipated between 7% and 8%
- Continued focus on costs
- Concerns around escalating losses as a result of burglaries and armed robberies
- Full year space growth expected to be approximately 7%
  - 100 stores planned for 2nd half
- Continued focus on key strategic initiatives
  - Intend launching e-commerce for @home & TFG Mobile in November – other brands to follow in phased approach
- Retail sales for the first five weeks have been at stronger levels growing by 13% with cash sales growth of 23,5% and credit sales growth of 5,9%
  - 2nd half heavily dependent on festive season trading

ADDITIONAL INFORMATION

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.