ANALYST PRESENTATION

FOR THE YEAR ENDED
31 MARCH 2014

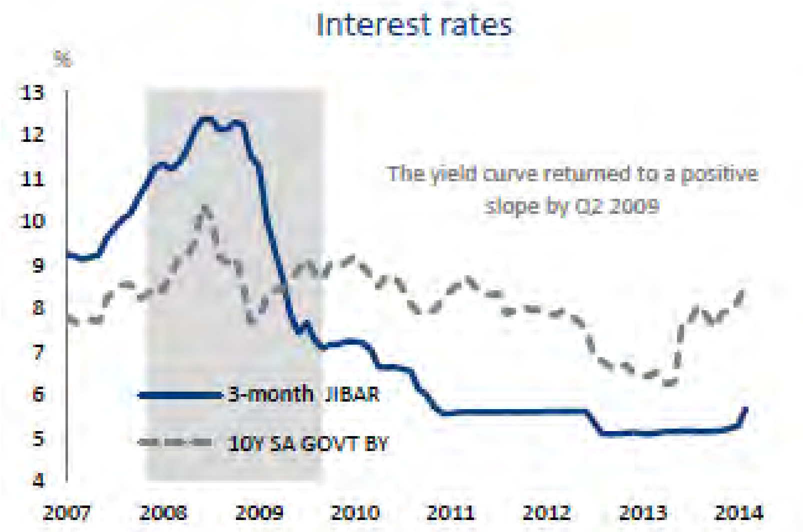
TFG

ECONOMY & RETAIL ENVIRONMENT

THE ECONOMY AND RETAIL ENVIRONMENT

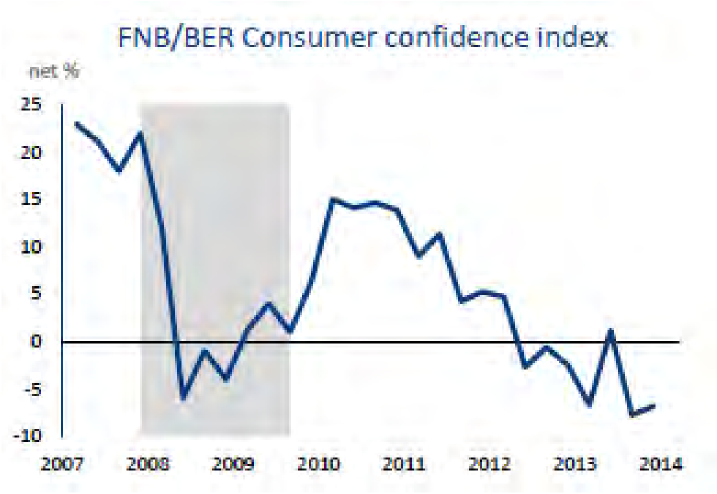
- News on the global economy remains mixed
  - Outlook for global GDP only marginally improved
  - Emerging market GDP moderating
  - Chinese economic data remains weaker
  - End of quantitative easing in sight
- Outlook for SA economy remains weak
  - Fragile unsecured lending market
  - Large current account deficit
  - Domestic labour issues
  - Global concerns
  - Possibility of further interest rate hikes
- As a result, projected GDP growth is at 2,3% for 2014 and 3,0% for 2015 (BER)
- Inflation is currently 6,1% and likely to remain at the top end of the 3% - 6% target range
- The effect of the slow down in unsecured credit growth continues
- The local currency remains under pressure but appears to be stabilising

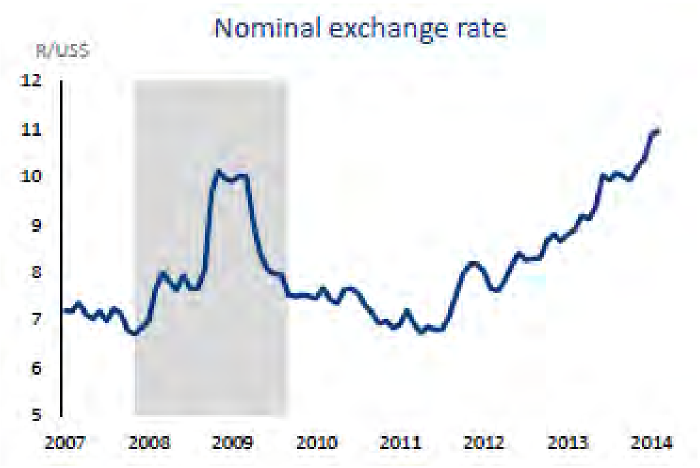
TRADING ENVIRONMENT



Sources: BER, StatsSA, SARB, Reuters

TRADING ENVIRONMENT





Sources: BER, StatsSA, SARB, Reuters

REVIEW OF THE YEAR

REVIEW OF THE YEAR

- Consumers remain under pressure:
  - Challenging credit environment
  - Unsecured lending bubble still impacting consumers
  - Credit sales under pressure
  - Cash sales – continued strong growth
- Rand / dollar exchange rate worsened
- Gross margins within merchandise categories maintained
- Like-for-like expense growth – well controlled below 5%
- 165 new stores were opened
- TFG debtors' book continues to be well managed in the current climate
  - Bad debt increasing but within management's expectation
  - Adequately provisioned
  - Enhanced credit risk measures in place
- RCS Group
  - Reclassified as an asset held for sale (SENS dated 10 April 2014)
  - Performed well

REVIEW OF THE YEAR CONTINUED

RETAIL TURNOVER – R14,2bn

+9,8%

GROSS MARGIN – 46,5%

NET BAD DEBT / CLOSING DEBTORS' BOOK – 12,4%

+1,9%

OPERATING MARGIN RETAIL – 17,9%

-0,8%

HEPS – 908,9 cents

+5,9%

DILUTED HEPS – 902,7 cents

+6,0%

FINAL DIVIDEND – 293,0 cents

+8,5%

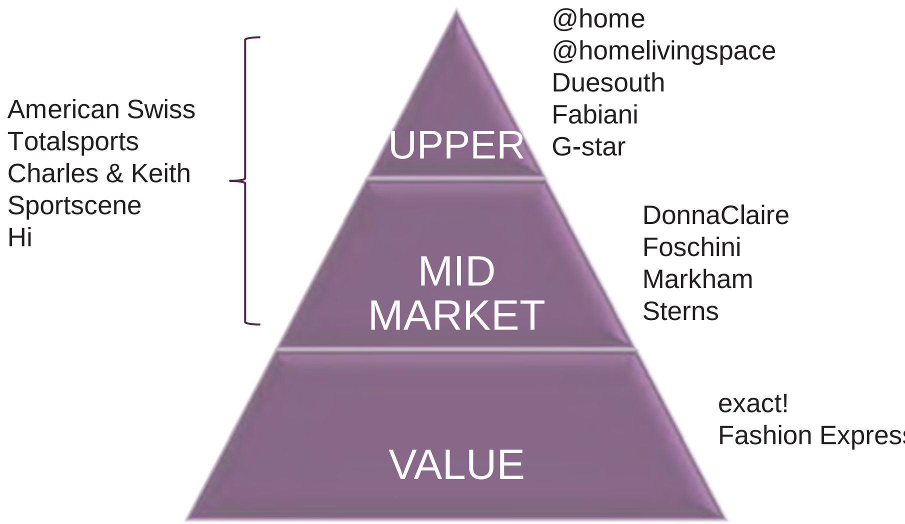
ROE RETAIL – 27,4%

DEBT / EQUITY RETAIL – 36,8%

BUSINESS REVIEW

BUSINESS REVIEW: OVERVIEW

- TFG = home of leading retail brands
  - 17 brands
    - Primarily own brands – leading household names
  - Over 2000 stores
    - 1 990+ in South Africa
    - 120 rest of Africa
  - Broad product offering across various merchandise categories
  - Broad LSM appeal from value to upper end



BUSINESS REVIEW: TURNOVER BY MERCHANDISE CATEGORY

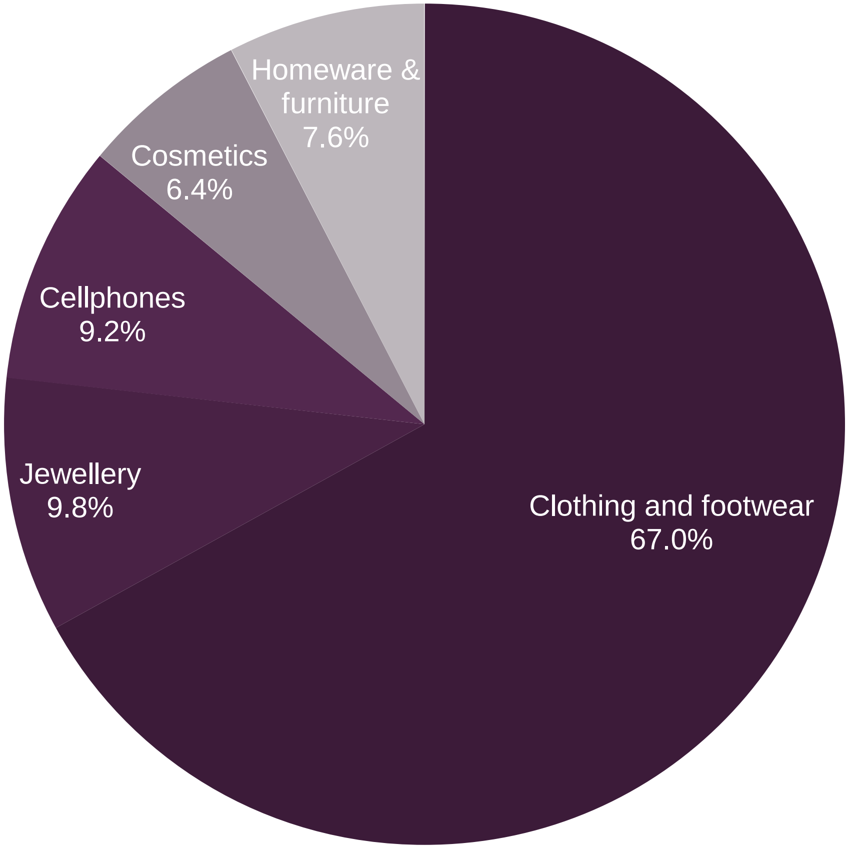
Retail turnover by merchandise category	March 2014 (Rm)	March 2013 (Rm)	% Growth	% Same store growth
Clothing	9 481,9	8 658,4	9,5	3,4
Jewellery	1 387,8	1 308,8	6,0	2,0
Cellphones	1 306,1	1 148,6	13,7	7,3
Homeware & furniture	1 073,6	945,4	13,6	9,7
Cosmetics	909,6	835,2	8,9	4,9
Total	14 159,0	**12 896,4**	**9,8**	**4,2**

Cash sales	5 976,5	5 157,0	15,9	
Credit sales	8 182,5	7 739,4	5,7	
Total group	14 159,0	**12 896,4**	**9,8**	

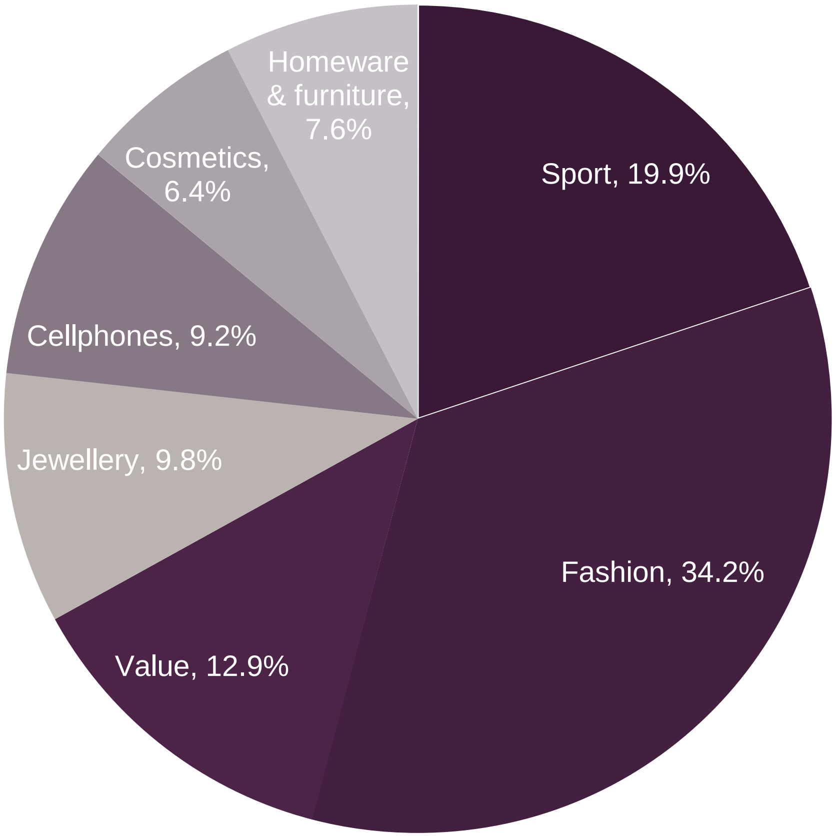
- Cash sales
  - Represent 42,2% (2013: 40,0%)
  - Excellent growth at 15,9% (2013: 13,7%)

TFG

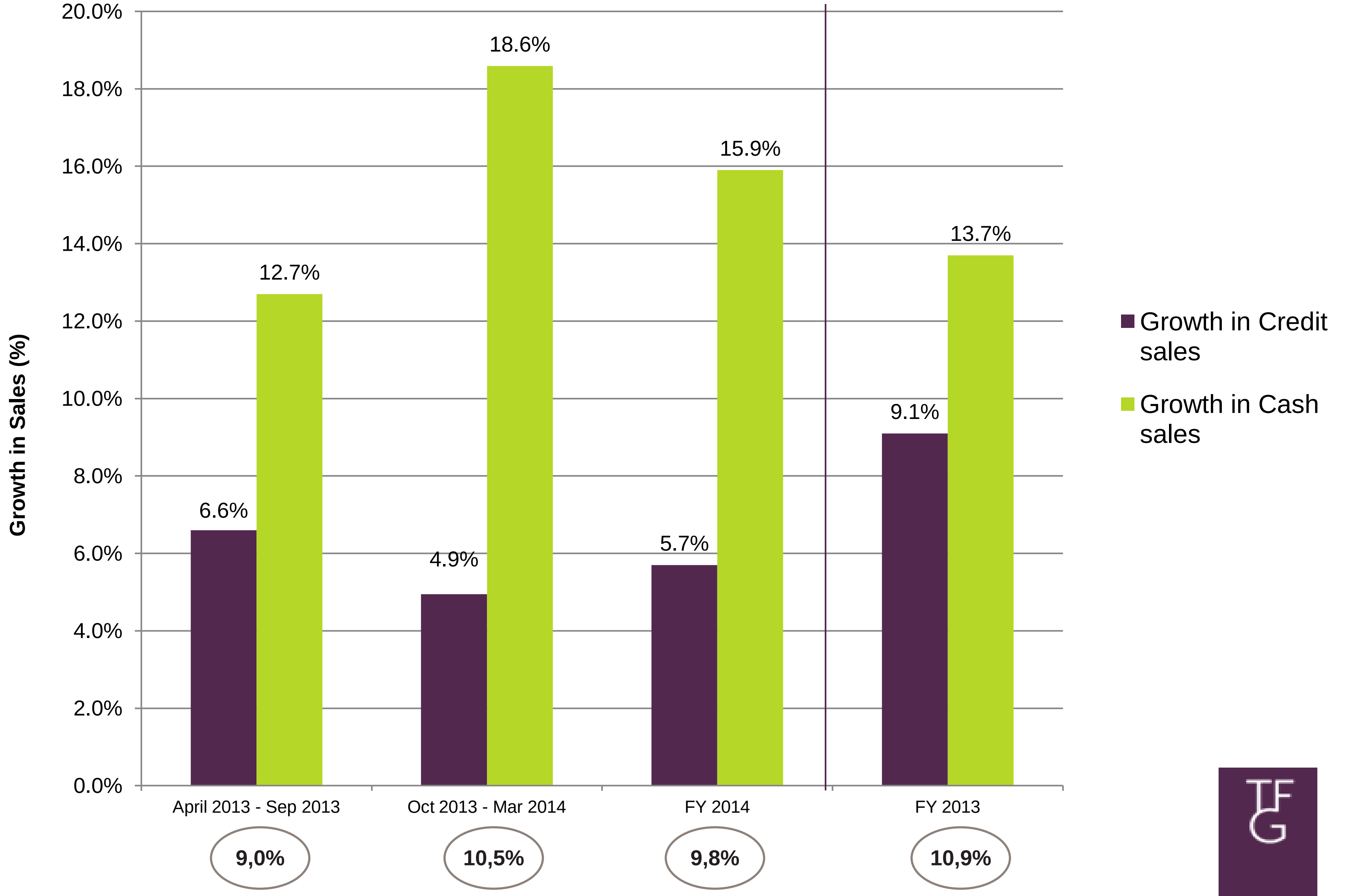
BUSINESS REVIEW: MERCHANDISE CATEGORY CONTRIBUTION



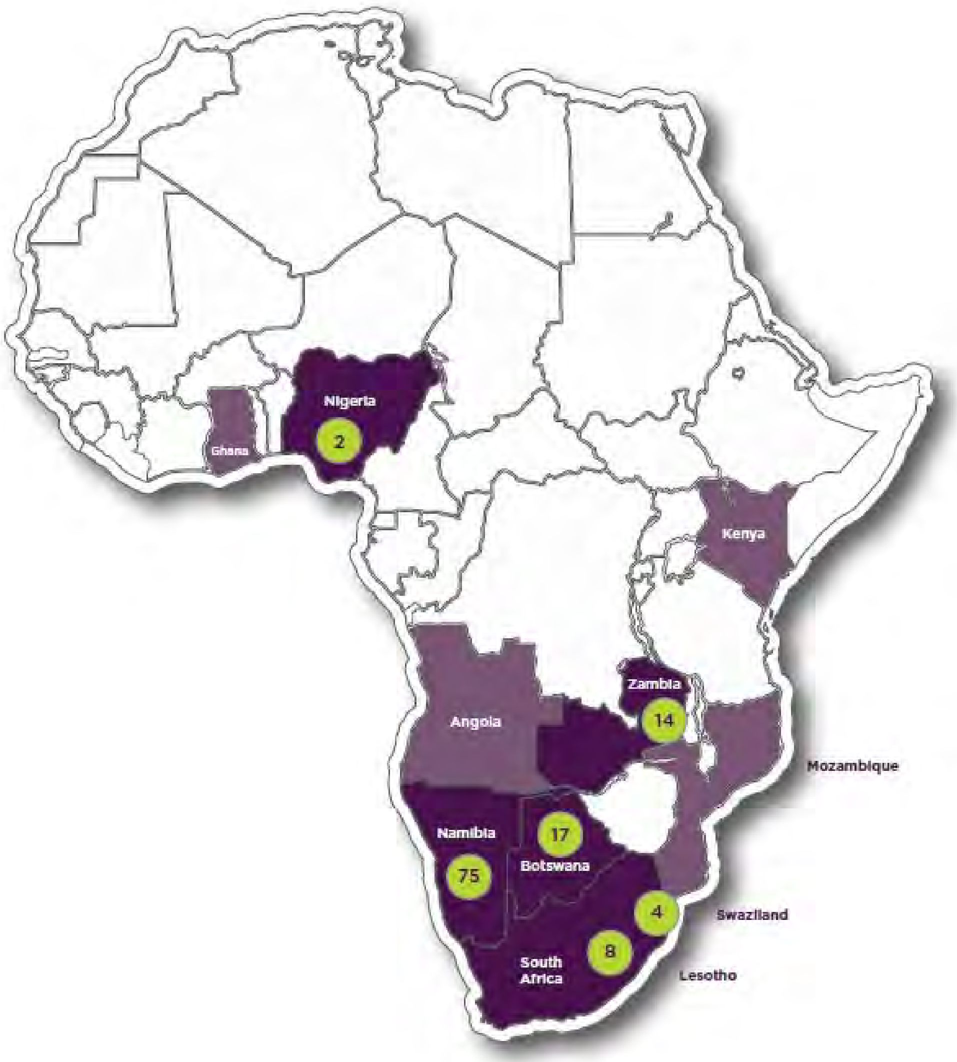
BUSINESS REVIEW: MERCHANDISE CATEGORY CONTRIBUTION



BUSINESS REVIEW: CASH VS CREDIT TURNOVER GROWTH



BUSINESS REVIEW: AFRICA



- All Africa stores corporate stores
- Rest of Africa now 120 stores
- 26% turnover growth with same store growth of 15%
- 16 new stores were opened during the year
- Further expansion:
  - Ghana
  - Angola
  - Mozambique
  - Kenya
- 280 - 300 stores targeted by 2018

FINANCIAL REVIEW

FINANCIAL REVIEW: YEAR ENDED 31 MARCH 2014

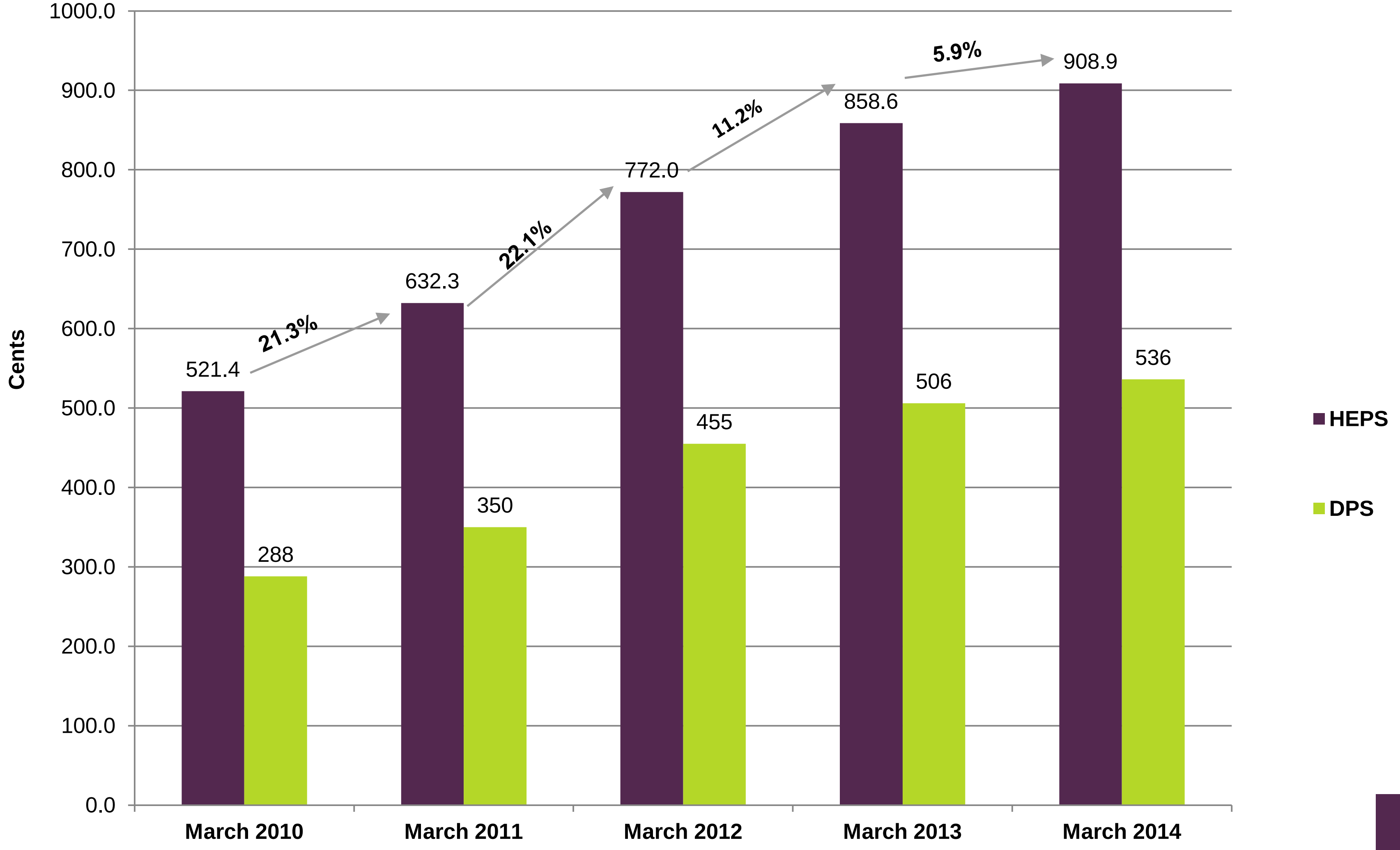
Income Statement for the year ended 31 March	March 2014 (Rm)	March 2013* (Rm)	% Change
Retail turnover	14 159,0	12 896,4	9,8
Cost of turnover	(7 579,4)	(6 906,1)	
Gross profit	**6 579,6**	**5 990,3**	
Interest income	1 148,1	997,9	
Other revenue	1 055,8	862,7	
Trading expenses	(6 246,6)	(5 443,6)	
Operating profit before finance charges	**2 536,9**	**2 407,3**	**5,4**
Finance costs	(161,8)	(108,4)	
Profit before tax	**2 375,1**	**2 298,9**	**3,3**
Income tax expense	(691,5)	(669,1)	
Profit from continuing operations	1 683,6	1 629,8	
Profit from discontinued operations (RCS Group), net of tax	321,1	296,8	
Profit for the year	**2 004,7**	**1 926,6**	**4,1**
Attributable to:			
Equity holders of The Foschini Group Limited	1 859,6	1 792,0	3,8
Non-controlling interest	145,1	134,6	
HEPS (cents)	908,9	858,6	5,9
HEPS (cents) – continued operations	818,7	780,6	4,9
Diluted HEPS (cents)	902,7	851,4	6,0
Weighted average number of shares in issue (millions)	206,0	209,2	

* 2013 restated to reflect RCS Group as discontinued operation

RCS GROUP TRANSACTION

- Now treated as a discontinued operation
- As was announced on SENS on 10 April 2014, the group together with The Standard Bank of South Africa Limited, has entered into agreements which will result in BNP Paribas Personal Finance S.A. becoming the 100% shareholder of the RCS Group
- Transaction expected to be completed on or about 31 July 2014, subject to normal conditions precedent
- Expected proceeds of R2,65 billion – our share approximately R1,4 billion
- As illustrated in our SENS announcement
  - The impact on earnings
    - If net proceeds ignored – 9,6% reduction in earnings
    - If net proceeds applied to general share repurchase (R106 per share) – 3,6% reduction in earnings

TFG EARNINGS AND DISTRIBUTION



REVENUE

	March 2014 (Rm)	March 2013* (Rm)	% Growth
Retail turnover	14 159,0	12 896,4	9,8
Interest income	1 148,1	997,9	15,1
Other revenue	1 055,8	862,7	22,4
Group total	**16 362,9**	**14 757,0**	**10,9**

* 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 of 22,4%
    - Other products – R763,1m
        - Publishing income + 12,7%
        - Insurance income + 12,2%
        - Mobile one2one airtime income + 25,4%
    - Collection cost recovery R287,6m
    - These products should continue to grow as our customer base grows

GROSS PROFIT

	March 2014	March 2013
Gross profit (Rm)	6 579,6	5 990,3
Gross margin (%)	46,5	46,4

- Gross margin now restated
  - Cost of sales definition 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
  - Allows better comparability with our peers
- Gross margins in all merchandise categories maintained
- In terms of our strategy, we expect clothing gross margin to increase by at least 1% by 2018

INTEREST INCOME

	March 2014 (Rm)	March 2013 * (Rm)	% Growth
Trade receivables – retail	1 130,5	983,6	14,9
Sundry	17,6	14,3	23,1
Total interest income	**1 148,1**	**997,9**	**15,1**

* 2013 restated to reflect RCS Group as discontinued operation

- Due to the impact of the NCA capping formula, interest yields at historically low levels
- Interest income from retail debtors' book up 14,9%
  - Increase in interest income driven by higher average book
    - Average pay down in book now 8,6 months (March 2013 – 7,9 months)
  - 88,9% of balances now attracting interest (March 2013 – 87,8%)

TRADING EXPENSES

	March 2014 (Rm)	% to turnover 2014	March 2013 * (Rm)	% to turnover 2013	% Growth
Depreciation and amortisation	(365,5)	2,6	(316,6)	2,5	15,4
Employee costs	(2 048,3)	14,5	(1 885,2)	14,6	8,7
Occupancy costs	(1 393,0)	9,8	(1 230,0)	9,5	13,3
Other net operating costs	(1 504,3)	10,6	(1 341,0)	10,4	12,2
	(5 311,1)	**37,5**	**(4 772,8)**	**37,0**	**11,3**
Net bad debts	(935,5)	6,6	(670,8)	5,2	39,5
Total trading expenses	**(6 246,6)**	**44,1**	**(5 443,6)**	**42,2**	**14,8**

* 2013 restated to reflect RCS Group as discontinued operation

- Expenses before bad debt well controlled at 11,3%
  - Like-for-like costs below 5%
- Employee costs well controlled at 8,7% growth
  - Staff increases were 6,0%
  - Staffing efficiencies at store level have driven this low growth
- Store occupancy costs up 13,3%
  - Normal lease escalations average 7% - 8%
  - The balance is made up of new stores
- Bad debts will be dealt with by Peter Meiring

FINANCE COST

	March 2014 (Rm)	March 2013 * (Rm)	% Growth
Finance costs	(161,8)	(108,4)	49,3

* 2013 restated to reflect RCS Group as discontinued operation

- Interest impacted by:
  - Higher borrowings
    - Share buy-backs
    - Level of debtors' book
    - Capex

STOCK AND CREDITORS

	March 2014 (Rm)	March 2013 (Rm)	% Growth
Inventory	2 775,9	2 444,0	13,6

- Impact of new stores 7% – 8%
- Impacted by move of Easter
- Quantum of merchandise stock is appropriate for expected levels of trading

	March 2014 (Rm)	March 2013 * (Rm)	% Growth
Trade and other payables	1 853,0	1 788,5	3,6

* 2013 restated to reflect RCS Group as discontinued operation

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

TRADE RECEIVABLES

	March 2014 (Rm)	March 2013 (Rm)	% Growth
Trade receivables – retail	**5 796,6**	5 207,7	11,3

- Our biggest asset by far
- Grown faster than credit turnover due to lengthening of the book
- Continue to be well managed
    - Adequate provisioning
- Peter Meiring will deal with the performance of our receivables in more detail

CASH GENERATION & UTILISATION

	March 2014 (Rm)	March 2013 * (Rm)
Interest-bearing debt	2 960,4	1 938,4
Less: Cash	(301,3)	(371,0)
Borrowings	**2 659,1**	1 567,4

* 2013 restated to reflect RCS Group as discontinued operation

	(Rm)	March 2014 (Rm)
Net borrowings at beginning of the year		**(1 567,4)**
Cash EBITDA	2 856,2	
Increase in creditors	71,4	
Other net investing activities	16,7	
Cash generated		**2 944,3**
Taxation paid	(730,7)	
Dividends paid	(1 067,2)	
Receivables	(669,5)	
Inventory increase	(331,9)	
Capital expenditure	(554,2)	
Repurchase of shares	(600,5)	
Net cash flows from share incentive scheme transactions	(82,0)	
Cash utilised		**(4 036,0)**
Net borrowings at the end of the year		**(2 659,1)**

- Gearing of 36,8% (March 2013: 22,3%)
- Share buybacks R601m (excluding share incentive schemes)
- Cash EBITDA of R2,9 billion remains sound
- Investment in receivables of R669,5 million and capex of R554,2 million

CAPEX

	March 2014 (Rm)	March 2013 * (Rm)
Stores	332,4	334,7
IT	154,0	122,8
Other	67,8	110,1
Total	**554,2**	**567,6**

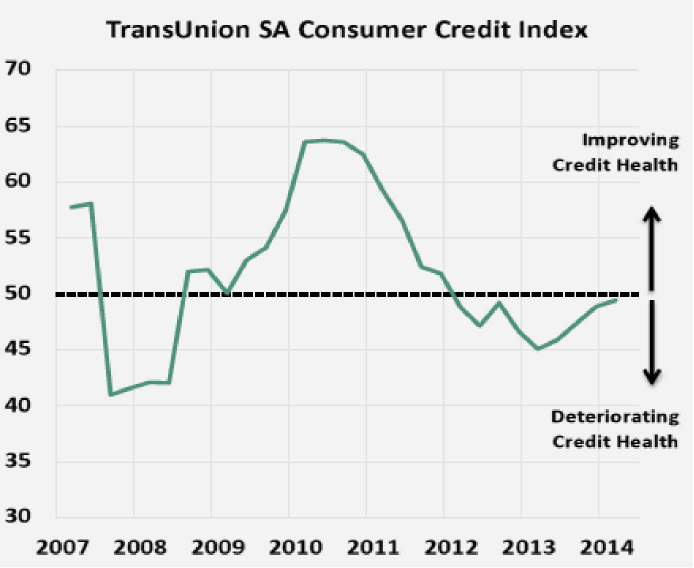
* 2013 restated to reflect RCS Group as discontinued operation

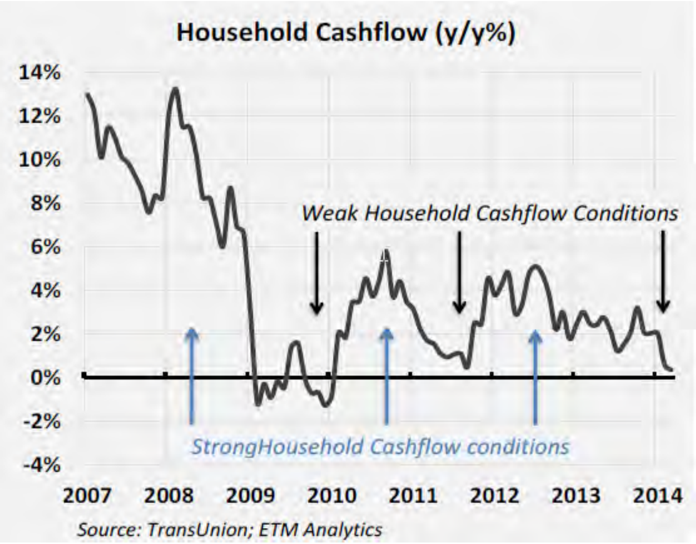
- The majority of capex relates to opening of new stores, in line with our strategy of growing floor space
- Projected capex for 2015 year-end will be approximately R600 million

TFG FINANCIAL SERVICES

TFG FINANCIAL SERVICES: INDUSTRY REVIEW

- Despite some improvement in the last quarter, the index reflects the levels of consumer distress during the year
- Decline in household cash flows suggests that consumers ability to service debt will remain constrained.
- Unisa's Q1 2014 Consumer Financial Vulnerability index declined to 50,2 (Q4 2013: 52,0)
- Fragile unsecured lending market, industrial action, unemployment and food and administered prices slow consumer recovery
- Default levels remain high, but appear to have stabilised





TFG FINANCIAL SERVICES: REVIEW OF THE YEAR

- Higher delinquency levels due to an increase in short payments
  - Collection and recovery yields continue to trend downward
  - Arrears increase to 25,2% from 22,4% LY
  - Fewer customers in a buying position putting credit sales under pressure

Mitigated by:

- Scorecards improvement
  - Acceptance rates fall by 10,7% to 43,9%
- More external customer payment data
  - Right sizing credit limits
  - Improved ability to react to overextended customers
- Good results from our in-sourced late stage collections
- Introduction of alternative payment mechanism e.g. debit orders and mobile app

TFG FINANCIAL SERVICES: REVIEW OF THE YEAR - REWARDS

- Rewards reaches 4,7 million customers
  - 2,1 million cash
  - Rewards automatically extended to all account customers
- A unique program that is proving to be successful:
  - 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 - CREDIT: PERFORMANCE

	March 2014 (Rm)	March 2013 (Rm)	% Change
Interest income	1 130,5	983,6	14,9
Net bad debt	(935,5)	(670,8)	39,5
Credit costs	(184,9)	(224,8)	(17,8)
EBIT	**10,1**	**88,0**	**(88,5)**

- Reporting amended this year to reflect credit separately from other customer value-added products
- Interest income increases by 14,9%
  - Balances attracting interest closed at 88,9% (LY: 87,8%)
  - Lower average nominal interest rates of 21,1% (LY: 21,4%)
  - Gross book growth at 13,8% (LY: 15,3%)
- Net bad debt increases by 39,5%
  - Consistent write off
  - Provision in line with write off experience
- Credit costs
  - Increased cost of credit due to:
    - Expansion of internal collections capacity
    - Expanded CRM expenditure to secure good quality accounts
  - Offset by increased recovery of collection costs
    - Aligned in all delinquency stages as per the Debt Collectors Act

TFG FINANCIAL SERVICES - CREDIT: BOOK

Key debtor statistics	March 2014 (Rm)	March 2013 (Rm)
Number of active accounts (‘000)	2 668,9	2 611,6
Credit sales as a % of total retail sales	57,8	60,0
Net debtors’ book (Rm)	5 796,6	5 207,7

- Active account base grows by 2,2% (LY: 6,0%)
- Credit turnover growth rate slows to 5,7% (LY: 9,1%)
  - Growth in number of accounts able to spend constrained
    - Higher delinquency and lower number of new accounts
    - Enhanced credit risk measures
- Growth in net book of 11,3% (LY:14,0%) as payments weaken

TFG FINANCIAL SERVICES - CREDIT: STATISTICS

Key debtor statistics	March 2014 (Rm)	March 2013 (Rm)
Arrear debtors % to debtors' book[1]	25,2	22,4
Net bad debt write-off as a % of credit transactions	7,1	5,7
Net bad debt write-off as a % of debtors' book	12,4	10,5
Doubtful debt provision as a % of debtors' book	12,3	10,4
% able to purchase	79,3	79,7

[1] Arrear debt defined as 30 days+

- Bad debt and arrears increases following sustained pressure on household cash flows
- Increase in doubtful debt provision ensures adequate impairment cover
- Accounts able to purchase impacted by increases in arrears and lower new account growth

TFG FINANCIAL SERVICES: CUSTOMER VALUE ADDED PRODUCTS

	March 2014 (Rm)	March 2013 excl RCS Group (Rm)	% Change
Publishing net income	174,5	156,2	11,7
Insurance net income	209,0	183,1	14,2
Mobile one2one airtime net income	70,4	53,2	32,3
EBIT	**453,9**	**392,5**	**15,6**

- Publishing income
  - Total monthly circulation of 1,8 million
  - Total number of titles 11 (LY: 10)
  - TFG Tech launched during the year – already has 33k subscribers
- Insurance income
  - Primarily short-term non-mandatory products
  - 12 products (LY: 11)
  - Personal accident insurance for commuters was successfully introduced
- One2one
  - 144k subscribers to a highly competitive product
- Further innovation/JV's in publishing and insurance products planned for 2015

TFG FINANCIAL SERVICES: STRATEGY & OUTLOOK

- We expect consumer to remain under pressure in FY 2015
  - Growth in the credit active account base will be muted
  - Anticipate further repo rate increases
- Our new account acquisition strategy will remain cautious
  - Look to source new customers from lower risk categories
- Credit regulation
  - Credit information amnesty integrated into business processes
  - Affordability guidelines pending – risk noted in terms of income verification
- Account management strategies will continue to focus on:
  - Early identification of distress by integrating external payment performance data
  - Seeking efficiency improvements to contain credit cost escalation
- Capitalise on the success achieved with our rewards program
  - Use rewards program to stimulate the growth of good account balances
  - Increase shopping frequency and average spend by our cash rewards base
  - Get closer alignment between product strategy and rewards strategy


RCS GROUP

RCS GROUP: REVIEW OF 2014 FINANCIAL YEAR

	March 2014 (Rm)	March 2013 (Rm)	% Change
Interest income	1 118,7	998,7	12,0
Other income	634,5	535,6	18,5
Total credit income	**1 753,2**	**1 534,3**	**14,3**
Net bad debt	(373,6)	(269,8)	38,5
Operating costs	(668,7)	(622,0)	7,5
EBIT	**710,9**	**642,5**	**10,6**
Interest paid	(252,2)	(227,7)	10,8
Profit before tax	**458,7**	**414,8**	**10,6**

- Total credit income
  - Growth in interest income in line with book growth
  - Non-interest income driven by customer growth, insurance income and greater network utility
- Net bad debt
  - Increase in write-off and delinquency due to macro economic impacts
  - Increase in write off lower in second half of the year
  - Provision cover (NPL) reduced as some high growth portfolios mature and is still conservative at 105,5% (2013: 121,7%)
- Operating costs
  - Focus on cost management resulting in improvement in the cost to income ratio 38% (2013: 41%)
- Interest paid
  - Cost of funds efficiencies driven through diversification

RCS GROUP: PERFORMANCE

RCS Group asset quality statistics	March 2014	March 2013
Number of active accounts ('000)	1 020	898
Net debtors' book (Rm)	4 745	4 211
Arrear debt as percentage of total debt[1]	12,8%	11,1%
Non performing loans as percentage of total debt[2]	8,5%	6,9%
Net bad debt write-off as percentage of average debtors' book	7,8%	6,6%
Doubtful debt provision as percentage of debtors ' book	8,9%	8,5%
Provisions as percentage of non-performing loans ("NPL coverage")	105,5%	121,7%
Percentage of applicants granted credit on card portfolios	47,0%	48,1%

[1] Arrear debt defined as 60 days+
[2] Non-performing loans defined as 90 days +

- Growth driven by wider merchant acceptance and private label portfolios
- Active customer accounts grew by 13,6% across all portfolios
- Increase in write off and non performing loans (NPL) in line with lagged book growth as a number of co-branded and private label portfolios mature
- Investment in collections and fraud initiatives yielding results

STRATEGY & KPI'S

STRATEGIC OBJECTIVES

OPTIMISING OUR SUPPLY CHAIN

CUSTOMER RELATIONSHIP MANAGEMENT (CRM) FOCUS

AFRICA EXPANSION

OMNI-CHANNEL STRATEGY

OPTIMISING OUR SUPPLY CHAIN

- Long term objectives:
  - Improve lead times across merchandise categories
  - Continuously seek new sources of supply
  - Ensure consistent, capable supplier performance
  - Improve in-season trading capability
  - Maximise our in-house design and manufacturing capability

CUSTOMER RELATIONSHIP MANAGEMENT (CRM) FOCUS

- Long term objectives:
  - 3,2m active credit customers by March 2018 (currently 2,6m)
  - 3,2m active cash customers by March 2018 (currently 2,1m)
  - More equitable balance between cash and credit sales
  - Improved take-up of reward offers
  - Ensure credit and cash rewards base is active and spending
  - Utilise data analytics
  - Research to improve targeting of new customers

STRATEGIC OBJECTIVES

TO BE THE LEADING FASHION LIFESTYLE RETAILER IN AFRICA

AFRICA EXPANSION

- Long term objectives:
  - Establish appropriate structures to support expansion
  - Develop appropriate location strategy:
    - Brands
    - Product assortment
    - Pricing structure
    - Marketing
  - Implement sustainable logistics model

STRATEGIC OBJECTIVES

OMNI-CHANNEL STRATEGY

- Implement omni-channel strategy including online sales
- Establish appropriate structures to support strategy
- Launch initial platform including credit offering during 2015 financial year
- Phased roll-out of online selling platform across all retail brands

KEY PERFORMANCE INDICATORS

	Medium term target*	March 2014	March 2013*
Gross margin (%)	47,0 – 48,0	**46,5**	46,4
Operating margin (%)	20,0 – 22,0	**17,9**	18,7
ROE TFG (%)	35,0 – 40,0	**27,4**	27,8
Space growth - annual (%)	5,0 – 7,0	**6,1**	5,1
Number of rewards customers - cash (million)	3,2	**2,1**	1,2
Number of rewards customers - credit (million)	3,2	**2,6**	1,8
Number of stores – total	2 900	**2 111**	1 979
Number of stores - Africa	280 - 300	**120**	104

* Restated where appropriate to take account of RCS Group exclusion and amended cost of sales definition

- Medium term targets aligned to the group’s 2018 Vision

OUTLOOK

OUTLOOK & GUIDANCE FOR 2015

- Trading conditions to remain challenging
- Credit environment unlikely to improve until current level of consumer indebtedness normalises – only expecting to see the first signs of this towards the end of this year
- Strategic objectives around supply chain, CRM and Africa Expansion to continue
- Online trading platform will be launched towards the end of this year using a phased approach across all our retail brands
- Space growth – in excess of 180 new stores planned for 2015 – approximately 7% floor space growth
- Gross margins to be maintained
- Continued focus on costs
- RCS Group
  - Transaction effective date expected to be on or about 31 July 2014
  - Current intention is to use proceeds of approximately R1,4bn for general share repurchase but all alternatives will be evaluated
- Retail turnover for the first 8 weeks slightly ahead of last year's growth and in line with management's expectations
- Targeting earnings growth ahead of this year's growth


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.