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Dedicated to Value

Reviewed Results

for the 26 weeks to 25th December 2006

Presentation to Investors, Analysts and Media – February 2007

Agenda

- Financial & Operating Highlights
- Environment
- Operating & Financial Performance
- Strategy
- “Vision for Growth 2009” – Report Back
- Risks & Prospects

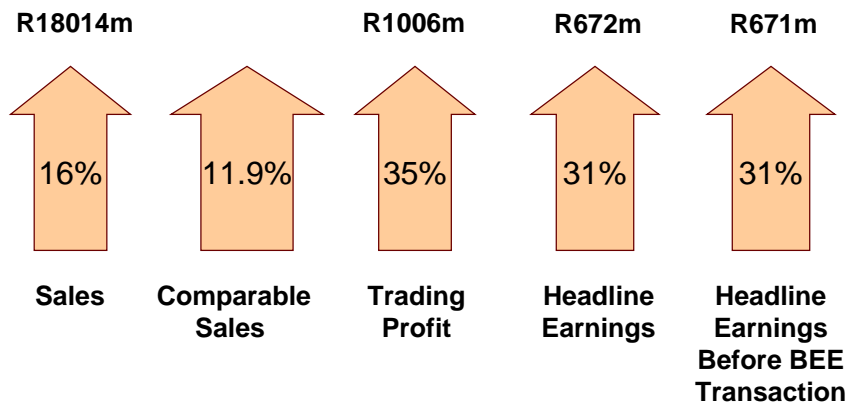
ADDENDA – Additional data

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Financial & Operating Highlights

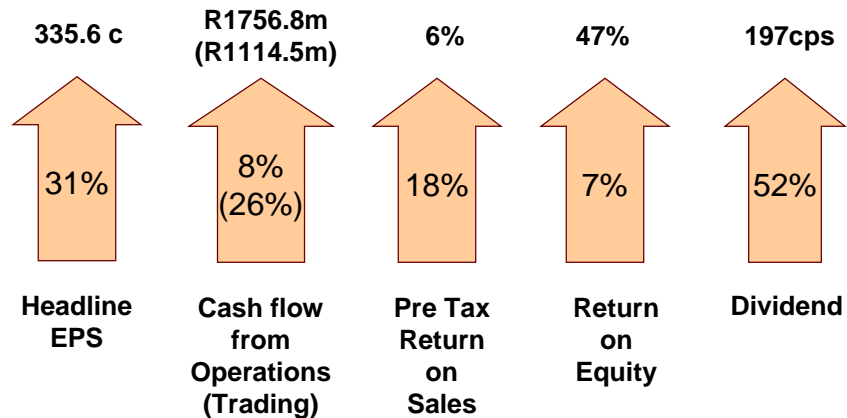
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Financial highlights



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Financial highlights



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Operating Highlights

- Record first half sales of R18.0b, 5.0% of which was from 24 foreign stores in 12 countries
- With estimated average inflation of 3.7%, real comparable store sales grew 8.2%
- Consumer credit sales comprised 1.3% of Group sales.
- Trading profit grew over twice as fast as sales to R1.01b
 - >R1b for the first time
 - Equal to the full year's trading profit to June 2005
 - 5.3% from foreign stores

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Operating Highlights (cont.)

- Pre and post interest operating profit margins increased to 5.7% and 6.0% respectively.
- Store network increased to 235 (1 026 320 m sq) with the opening of 11 new stores with estimated annual sales of > R1.0b
- Average sales per store R136m

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Environment

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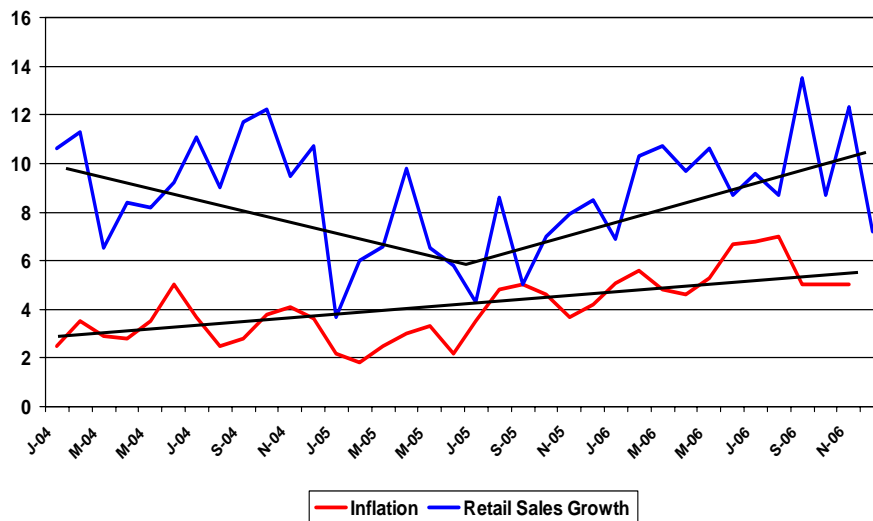
Environment

- Retail market buoyed by:
 - Structural change in consumer economy
 - Rising but benign interest rate outlook
 - High consumer confidence
- Massmart performance enhanced by:
 - Gradually rising inflation
 - Consumer investment in durables & home improvement
 - Slight improvement in the position of lowest income consumers
- Gradual inclining trend in robust retail sales growth (Stats SA)

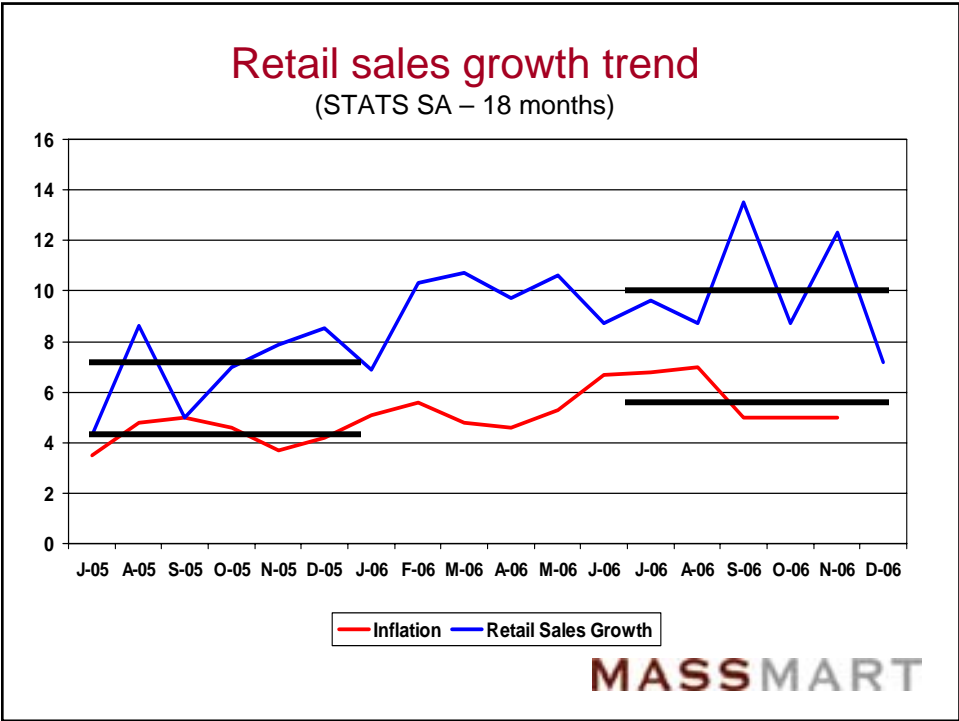
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Retail sales growth trend

(STATS SA – 35 months)



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Operating & Financial Performance

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Inflation

- Group inflation for six months to December 2006:
 - General Merchandise - 0.6%
 - Home Improvement + 4.7%
 - Food & Liquor + 6.8%
 - Total + 3.7%
- Inflation in General Merchandise in December 2006
- Food inflation increasing: Commodities +20% inflation

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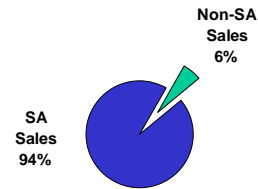
Sales Growth Analysis

	<u>%</u>
Existing stores (<i>comparable</i> growth)	11.9
New stores	4.2
Total continuing sales growth	<u>16.1</u>

Continuing Group sales exclude Shield *Indirect* sales and Furnex (R395m) in the prior year

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Sales



(Rm's)	<u>2006</u>	<u>2005</u>	<u>% Chg</u>	<u>Comp. % Chg</u>
Massdiscounters	4 917	4 196	17.2	7.0
Masswarehouse	4 573	4 057	12.7	13.7
Massbuild	2 497	1 935	29.1	11.6
Masscash	6 027	5 333	13.0	14.4
Total	18 014	15 521	16.1	11.9

Masswarehouse comparable sales exclude Makro Zimbabwe. Masscash comparable sales for CBW & Jumbo only. Furnex excluded from 2005 (R395m)

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Store Portfolio

	MDD	Makro	Massbuid	Masscash	Total
July 2006	80	*14	65	69	228
Acquired	-	-	-	1	1
Closed	(1)	-	(3)	(1)	(5)
Openings	8	-	2	1	11
Dec 2006	87	*14	64	70	235

*Includes two Makro Zimbabwe stores

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Gross Profit

	<u>2006</u>	<u>2005</u>
	R3 214m	R2 689
<i>% of Sales</i>	17.8%	17.3%

- Portfolio effect – higher Massbuild margins
- Slightly higher GPs in Masscash and Masswarehouse

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Total Net Operating Costs

	<u>2006</u>	<u>2005</u>
	R2 198m	R1 922m
<i>% of Sales</i>	12.2%	12.4%

- Total increase of 14.4%
- Pre-opening store expenses R31m (2005: R19m)
- Net Forex losses R41m (2005: R17m)
- IFRS 2 charge R27m (2005: R11m)
- Adjusting for these three items: 12.0% increase and 11.7% of sales (2005: 12.1%)

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Employment Costs

	<u>2006</u>	<u>2005</u>
	R1 216m	R1 028m
<i>% of Sales</i>	6.7%	6.6%

- Total increase 18.3%
- Total IFRS 2 charge R27m (2005: R11m), includes first-time IFRS 2 BEE charge of R17m

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Occupancy Costs

	<u>2006</u>	<u>2005</u>
	R418m	R351m
<i>% of Sales</i>	2.3%	2.3%

- Total increase 19%
- Existing stores – no *accounting* increase due to lease smoothing
- 11 new stores and 5 closures
- Negative lease smoothing pre-tax adjustment R21m (2005: R14m)

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Depreciation

	<u>2006</u>	<u>2005</u>
	R115m	R101m
<i>% of Sales</i>	0.64%	0.65%

- Total increase 13.8%
- Due to the new store and refurbishment programmes in 2005/06, expect depreciation growth higher than sales growth

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Forex Gains & Losses

<i>Rm's</i>	<u>2006</u>	<u>2005</u>
Massdiscounters	(34.6)	(13.8)
CBW	2.7	1.1
Other	(9.5)	(4.1)
Total	<u>(41.4)</u>	<u>(16.8)</u>

Two more African stores in Massdiscounters and the stronger Rand generally

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Divisional PBIT

(Rm's)	December		
	<u>2006</u>	<u>2005</u>	<u>%</u>
MDD	399.3	347.8	14.8
Masswarehouse	275.5	167.6	64.4
Massbuild	206.1	146.2	41.0
Masscash	152.2	105.2	44.7
Total	<u>1 033.1</u>	<u>766.8</u>	34.7

PBIT = Profit before Interest & Tax and IFRS2 BEE charge
 Figures exclude Furnex from the prior year

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Net Interest Paid

(Rm's)	<u>2006</u>	<u>2005</u>
Massdiscounters	18.6	8.2
Masswarehouse	21.6	10.8
Massbuild	5.4	1.3
Masscash	6.3	3.9
Corporate	(61.0)	(42.1)
Total interest	<u>(9.1)</u>	<u>(17.9)</u>

Average net gearing of 6% (2005: 13%)

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Divisional PBT

(Rm's)

	<u>2006</u>	<u>2005</u>	<u>%</u>
MDD	417.9	356.0	17.4
Masswarehouse	297.1	178.4	66.5
Massbuild	211.5	147.5	43.4
Masscash	158.5	109.1	45.3
Total	<u>1 085.0</u>	<u>791.0</u>	37.2

PBT = Profit before Tax, asset impairment, IFRS2 BEE charge and interest paid by Corporate
 Figures exclude Furnex from the prior year

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% ROS (PBT / Sales)

(%)

	<u>December</u>	
	<u>2006</u>	<u>2005</u>
Massdiscounters	8.5	8.5
Masswarehouse	6.5	4.4
Massbuild	8.5	7.6
Masscash	2.6	2.0
<i>Group</i>	5.6	4.8

Group is after Corporate interest paid and all IFRS 2 charges

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Tax Charge

	<u>2006</u>	<u>2005</u>
Total	R325m	R230m
<i>Overall tax rate</i>	32.3%	30.7%
<i>Before IFRS 2 charge</i>	31.4%	30.3%

- IFRS 2 charge is non-deductible
- STC effect 1.6% (2005: 1.9%)

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Stock & Creditors

	<u>Dec 2006</u>		<u>Dec 2005</u>	
	Rms	Days	Rms	Days
Net Stock ⁽¹⁾	4 207	46.0	3 552	48.2
Trade Creditors ⁽¹⁾	6 560	70.3	5 825	69.3
Provisions & Accruals	800	-	657	-

1. Days calculated using historic cost of sales.
(excludes Corp. and Makro Zimbabwe)

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Debtors

	Dec 2006		Dec 2005	
	Rms	Days	Rms	Days
Trade Debtors (1)	1 489	13.9	1 617	16.3
Consumer Debtors (2)	366	257.4	337	235.2

1. Days calculated using historic sales.
2. Massdiscounters HP & Revolving Credit.

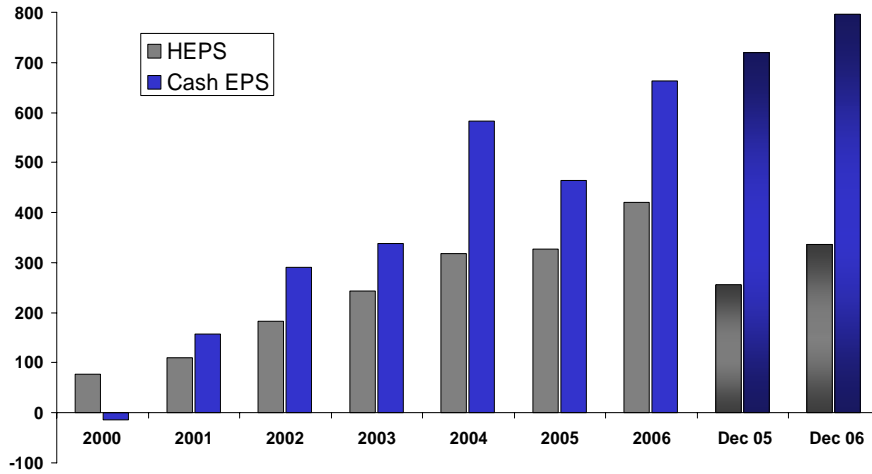
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Depreciation

<i>Rm's</i>	<u>2006</u>	<u>2005</u>
Depreciation	115	101
Replacement Capex	53	72
Investment Capex	223	114

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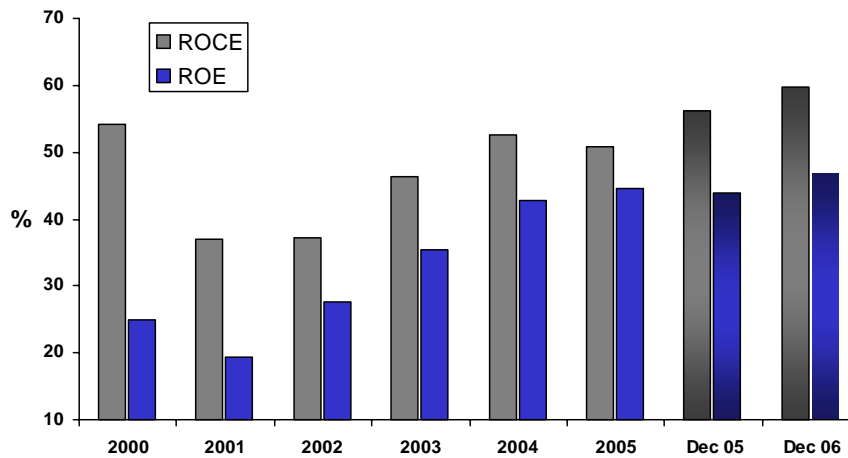
Cash Earnings



HEPS – Headline Earnings per Share (cents)
Cash EPS – Cash from Operating Activities, before dividends paid

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Returns (IFRS and Lease-smoothing from 2004)



ROCE - EBITA / Average Capital Employed
ROE - Headline Earnings / Average Shareholders Equity (ignoring previous goodwill & trademark write-offs)

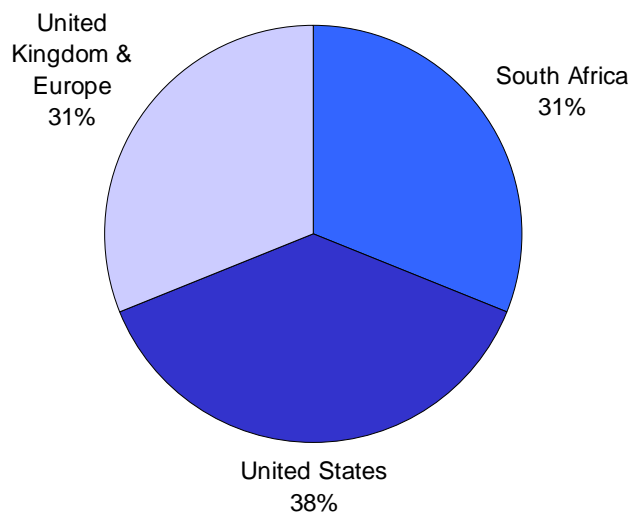
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Thuthukani BEE Staff Issue

- Effective 1 October 2006
- 10% share issue pre-dilution
- Total IFRS 2 *Share-based Payment* charge R347m
- IFRS 2 BEE charge to be expensed over six years: to Dec 2006 R17m and to June 2007 R52m
- Estimated June 2008 effect R70m
- Non-cash and no tax relief
- BEE scheme dividend will affect HEPS but not Headline earnings

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Massmart Shareholding – Dec 2006



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Strategy

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Competitive Growth Strategy

- Three major thrusts:
 - Build portfolio through acquisitive & organic growth, based on category expertise
 - Mitigate portfolio costs through internal collaboration & joint initiatives (not centralised)
 - Incentivise for alignment
- Implementing for 19 years – 15 major acquisitions, organic growth 35% to date, 100% in H1'07
- Resulted in Massmart being:
 - 3rd largest retail business on African continent
 - 140th largest retailer in world (Deloitte)
 - 15th fastest growing of worlds largest 250 retailers over past 5 years (Deloitte)

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Strategy implementation

- Specific plans and objectives for:
 - Real sales growth from existing outlets
 - Expansion into new categories & formats
 - New outlets
 - Relocation, right sizing & refurbishment of selected outlets
 - Selected acquisitions that conform to Massmart's strategic & financial criteria
 - Net margin growth
 - Simplify for efficiency, expense reduction & management leverage (ROEffort)
- Additional emphasis
 - The pursuit of world class supply chain standards over medium term

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Strategy implementation

Plans & Objectives	Progress to December 2005
Continued <u>real</u> sales growth from existing outlets	• 8.2%
Expansion into new categories & formats	• New categories/products in GM & HI • Trialing "Dion Wired"
New outlets	• 11 new stores • Estimated annualised sales >R1.0b
Selected acquisitions that conform to Massmart's strategic & financial criteria	• Nil in current period • Always vigilant
Simplify structures & processes to reduce expenses & leverage management capability	• Integrating Builders Warehouse/ Express/Trade Depot • Integrated Jumbo into CBW

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“Vision for Growth 2009”

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“Vision for Growth 2009” is about.....

- Leadership excellence (focused competence)
 - Grant Pattison CEO Designate
 - Executive Committee now 10 people average age 40, 22 degrees, average 14 years trading experience, 96 years service with Massmart/subsidiaries

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“Vision for Growth 2009” is about.....

- Leadership excellence (focused competence)
- Dominant management imperatives (value drivers)
 - Low gross margins
 - High volumes
 - Low expenses
 - Changing merchandise mix
 - Cash
 - Simplification

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Low gross margins

(Gross margins as % sales)

Truworths	53.1%	Clicks	19.6%
Italtile	47.1%	Massmart	17.3%
Foschini	42.4%	Pick n Pay	17.2%
Mr Price	40.5%	Spar	8.8%
Edcon	38.6%		
Woolworths	32.8%		
JD Group	31.6%		
Relyant	28.6%		
Connection	26.8%		
Ellerine	26.6%		
Cashbuild	21.9%		
Shoprite	20.1%		

Source: Annual Reports

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High volumes

(Exceptional productivity)

- Average sales per store R122m
 - 10 stores with sales >R600m
 - 17% of JSE listed retail sales & 19% JSE listed retail cost of sales with only 2% of outlets
- Average sales per square meter R28K
- Average sales per employee R1.34m
- Average EBITA per store R5.9m
- Average EBITA per employee R60K

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Operational excellence

(Expenses as % sales)

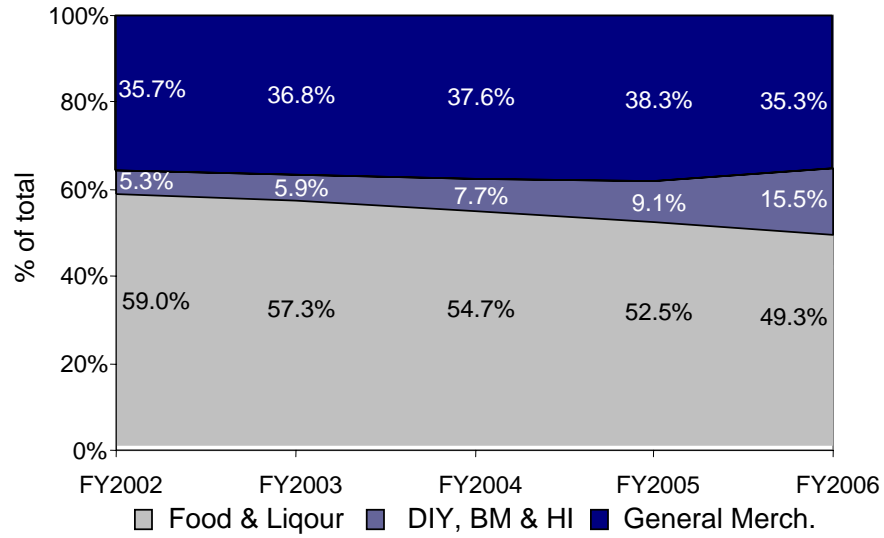
Relyant	42.4%	Pick 'n Pay	18.0%
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Foschini	24.8%		
Edcon	24.4%		
Italtile	24.1%		
Connection	21.7%		
Clicks	20.6%		
Shoprite	19.0%		

Source: Annual Reports

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Changing merchandise mix

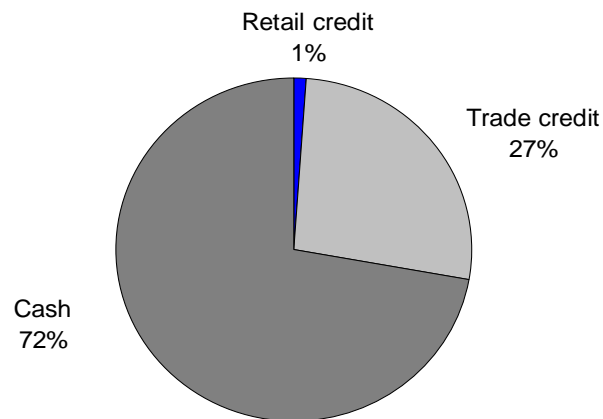
(Sales contribution by major category)



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Cash

(High cash sales & flow)



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Simplification

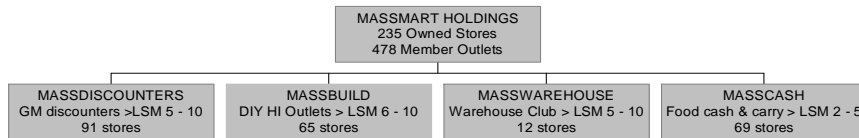
(In early 2005, 10 Boards & 10 CEO's/MD's controlled 13 brands and 13 formats)



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Simplification

(By June 2007, 4 Boards & 4 Divisional CEO's will control 7 brands and 9 formats)



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“Vision for Growth 2009” is about.....

- Leadership excellence (focused competence)
- Dominant management imperatives (value drivers)
- Refined market focus (profitable sales)
 - Low return high risk business curtailed in favour of more profitable customer & product segments

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“Vision for Growth 2009” is about.....

- Leadership excellence (focused competence)
- Dominant management imperatives (value drivers)
- Refined market focus (profitable sales)
- Merchandise & marketing innovation (real comparable store growth & pricing power)

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- Refined market focus (profitable sales)
- Merchandise & marketing innovation (real comparable growth & pricing power)
- Store portfolio optimisation (penetrating markets & sweating assets)
 - “Vantage” decision support system maximises returns on investment in new & refurbished stores

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- Store portfolio optimisation (penetrating markets & sweating assets)
- New stores (expanding footprint)

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New stores to 2009

- 58 new stores will contribute R6.5b by 2009
- 11 in H1'07 with annualised sales > R1b
- Challenged on larger sites

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“Vision for Growth 2009” is about.....

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- Merchandise & marketing innovation (real comparable growth & pricing power)
- Store portfolio optimisation (penetrating markets & sweating assets)
- New stores (expanding footprint)
- Acquisitions (enhancing portfolio)
 - Constantly vigilant to any opportunities that comply to our strategic & financial criteria

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- Acquisitions (enhancing portfolio)
- Margin improvement (enhancing productivity)

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Progress towards targeted PBT ROS

(%)	Old Full Year Target	H1'07	New Full Year Target	International benchmark
M'discounters	7.0%	8.0%	8.0%	Walmart ex food 7.4%
M'warehouse	4.0%	6.4%	5.0%	Metro AG C&C 5.0%
M'build	8.0%	8.5%	9.0%	Home Depot/B&Q 10.0%
M'cash	3.0%	2.6%	3.0%	Makro S. America 3.0%
Group	*5.1%	6.0%	*5.6%	*5.6%

* Proforma using 2006 sales

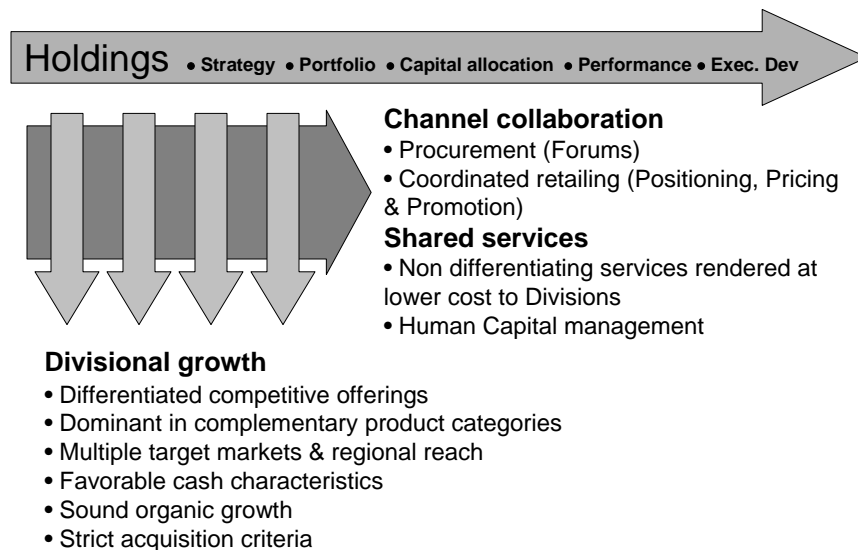
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- Margin improvement (enhancing productivity)
- Collaboration (whole > sum of parts)

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Business Model



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“Vision for Growth 2009” is about.....

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- Store portfolio optimisation (penetrating markets & sweating assets)
- New stores (expanding footprint)
- Acquisitions (enhancing portfolio)
- Margin improvement (enhancing productivity)
- Collaboration (whole > sum of parts)
- BEE (alignment with national imperative)

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BEE

- 2005 Financial Mail Top Empowerment Companies
 - Ranked 53rd
 - Ranked 4th Retailer
- Empowerment transaction completed
 - First dividend payout of 50 cents per share in March
- Continued progress with all 7 dimensions (DTI Codes)
- Five of 14 member Board PDI (Three women)
- Six of top 35 executive directors who serve on Executive Committee & Divisional Boards are PDI
- Over third South African shareholding PDI

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- New stores (expanding footprint)
- Acquisitions (enhancing portfolio)
- Margin improvement (enhancing productivity)
- Collaboration (whole > sum of parts)
- BEE (alignment with national imperative)
- **Governance (stakeholder protection)**
 - Recognised high compliance

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Future Themes

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Future themes

- More organic growth
- Exceptional leaders managing fewer larger formats
- Reduction of complexity & associated expenses
- Better information
- Enhanced supply chain
- Increased collaboration
- More leadership diversity
- Greater leverage of Group intellectual capital & resources

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Risks & Prospects

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Risks

- External
 - Economic growth / Consumer confidence
 - R/\$ volatility
 - Executive skills shortage
 - Labour costs
 - Crime
 - HIV/AIDS
- Internal
 - Strategic & operational integration of acquisitions
 - Maintaining control of a large, complex, trading business
 - Weaker Rand impact on direct or indirect imports (30% purchases)
 - Attracting, developing & retaining leadership/management competence & experience

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Massmart's 2007 Prospects

We are confident of:

- The sustained health of South African consumer economy
- Massmart's leadership, portfolio, unique approach to high volume low cost distribution
- Our organic growth plans
- A record R480m capex programme
- Budgeted sales >R33b
- Improved margins
- An excellent year with EPS growth higher than sales growth

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"When you do badly, you're never as bad as they say you are and when you do well you're never as good as they think you are"

Sir Richard Greenbury
Past CEO M & S

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Dedicated to Value

Dedicated to Shareholder Value

www.massmart.co.za

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Additional Financial Data

Headline Tax Rate Reconciliation

Standard tax rate	29.0
Disallowed expenses	1.6
Exempt income	(2.2)
Foreign income	0.7
Prior year	(0.2)
STC	1.6
Other	1.8
	<hr/>
	32.3
	<hr/> <hr/>

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Analysis of Tax Charge

	<u>R'm</u>
SA tax	300.8
STC	11.4
Deferred tax	(4.5)
Foreign tax	22.1
Foreign deferred tax	(5.1)
	<hr/>
Income Statement Charge	324.7
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Capital Expenditure

(Rm's)	<u>Dec 06</u>	<u>Dec 05</u>
Land & buildings	1.1	6.2
Leasehold improvements	25.6	33.4
PPE	167.5	98.5
Computers	55.4	26.0
Motor vehicles	18.3	11.4
Sub-total	<u>267.9</u>	<u>175.5</u>
Goodwill	<u>142.9</u>	<u>10.1</u>
Total	<u>410.8</u>	<u>185.6</u>

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Headline Earnings Reconciliation

	<u>Rm's</u>
Attributable earnings	673.2
Profit on fixed asset disposals	(1.6)
Headline earnings	<u><u>671.6</u></u>

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Number of Shares

	<u>(000's)</u>
At June 2006	201 041
Shares issued	-
At December 2006	<u>201 041</u>
Weighted-average for period	<u>200 102</u>
Fully-diluted weighted average	<u>204 609</u>

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Targets

Group Annual ROS	> 5.0%
Int-bearing Debt : Equity	< 30%
Return on Capital Employed	> 45%
Return on Equity	> 30%

(ROCE = EBITA / Average capital employed, excluding goodwill and deferred tax assets)

(ROE = Headline Earnings / Average shareholders equity, excluding goodwill and deferred tax assets)

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