

Dedicated to Value

Massmart Reviewed Interim Results for the six months to 23 June 2013

Presentation to Investors, Analysts and Media
August 2013



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REVIEWED CONSOLIDATED RESULTS FOR THE 26 WEEKS ENDED 23 JUNE 2013

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Agenda

- Highlights
- Operations
- Financials
- Performance Summary
- Environment
- Strategic Priorities
- Walmart's Value: Saving People Money to Live Better
- Risks and Prospects
- Conclusion

ADDENDUM – Additional Financial Data

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Highlights

Performance Highlights

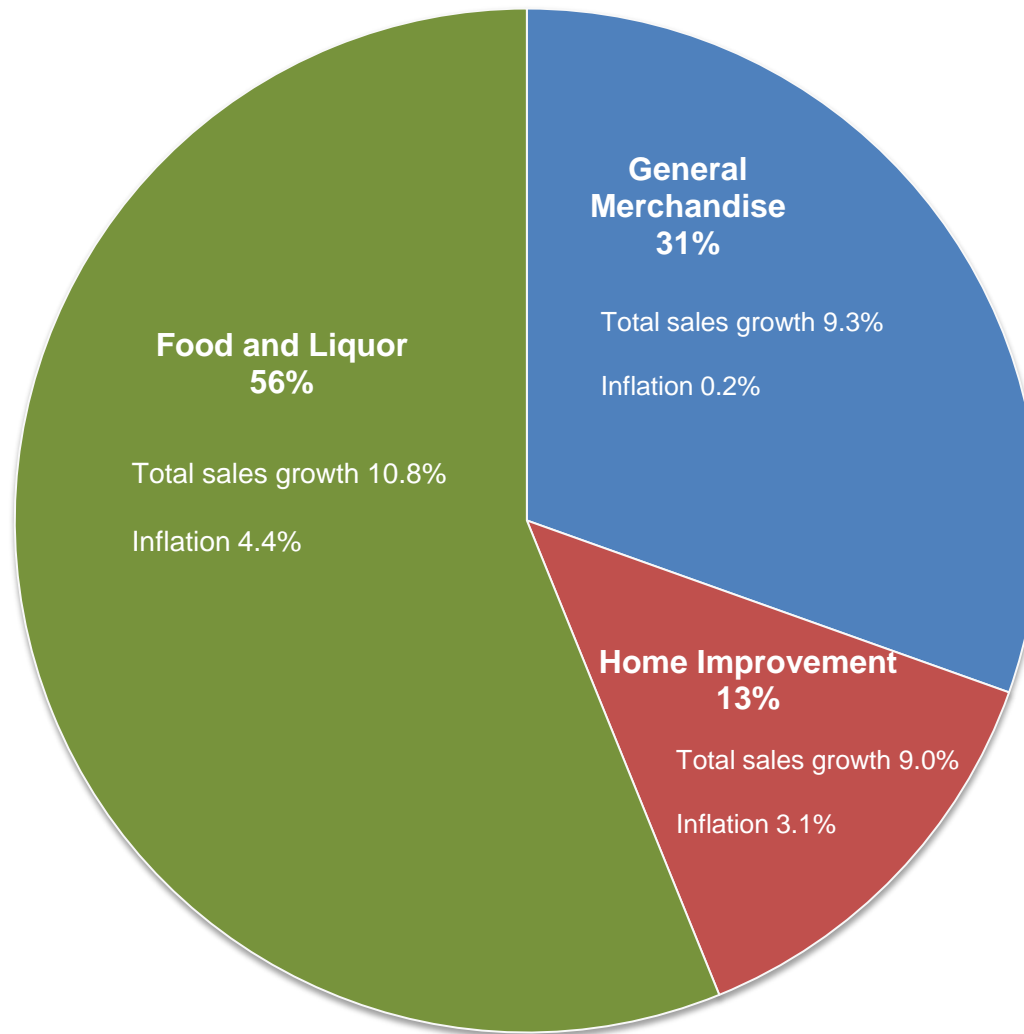
6 mths to
June 13

Comparable sales growth	+5.5%	<i>Decelerating. Comparable volume growth of 2.6%</i>
Net new trading space <small>(from June 2012)</small>	+6.3%	<i>+9.1% including new RDC space</i>
Total sales growth	+8.9%	
Gross Profit increase	+6.8%	<i>Trading pressure & increased Food mix</i>
Comparable expenses increase	+8.8%	<i>Lease renewals, service costs</i>
Operating Profit decrease <small>(excl Forex)</small>	-1.0%	<i>Includes approx. R73m one-off costs</i>
Cash from Operations <small>(before working capital movements)</small>	+37%	<i>Approximates EBITDA increase 33%</i>

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Contribution & Performance by Category



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Divisional Performance

Massdiscounters

	2013	Total	Comps	Inflation
Sales	R7.6bn	9%	3.7%	0.5%

- > Game SA. Comp sales growth still low (1%):
 - Margin pressure from trading environment & stock clearance
 - Very positive customer response to Fresh & Dry groceries (+20% comps)
 - Profit significantly below prior year
- > Game Africa. Good performance (total sales growth 16%, own currency 14%)
 - Steady economic environments, in general
 - Some US\$-based expense pressure
 - Profit growth lower than sales growth
- > DionWired. Great performance (total sales growth 24%):
 - Product inflation for the first time
 - Profit growth just below sales growth

Massdiscounters *continued*

	2013	Change
Sales	R7.6bn	9%
PBIT	R152m	-40%
<i>PBIT margin</i>	<i>2.0%</i>	

- > Food / Fresh: four converted or opened in 1H. Now 31 stores, five in Africa. Free State converted, next region KZN
- > Third & final RDC in Durban (opened July '12):
 - R38m of new lease & depreciation charges in 1H
 - Now national supply chain & focus on optimising the investment. Walmart GBP review. JDA F&R go-live June '13
- > New-look Game stores – Fourways, Bel-Air & Free State (four)
- > Trading space up 3%. New African stores in 2014 in Zambia, Angola & Kenya
- > Robin Wright appointed CEO. Mark Huxtable to join as IT director

Masswarehouse

	2013	Total	Comps	Inflation
Sales	R8.6bn	13.7%	6.9%	2.6%

- > Good trading performance in tough environment. Markedly slower sales growth in Q2 but since recovered
- > Very good comp sales growth in Liquor. Steady growth in GM & Food
- > Opened Alberton, Johannesburg, in April '13. Made positive contribution despite store-opening costs. Strong GM performance
- > Now 19 stores. Six new stores since Sept '11
- > Food Retail / Fresh offering now in 14 stores. Increases customer visits & spending per basket

Masswarehouse *continued*

	2013	Change
Sales	R8.6bn	13.7%
PBIT	R395m	-1%
<i>PBIT margin</i>	4.6%	

- > Inventory levels higher due to new stores – will stabilise
- > Store opening costs R15m (LY Rnil)
- > Trading space increased by 7%
- > Fruitspot sales up 36%. From 2014 will have combination of new & original management. Playing intra-Group role in Gauteng
- > Opening new store in Amanzimtoti, Durban in Sept '13 (relocation)
- > Appointments: Julie Wilford as FD, Melanie Louw as Marketing & CRM

Massbuild

	2013	Total	Comps	Inflation
Sales	R4.2bn	9%	9%	3.1%

- > Another great performance:
 - Good comp sales growth in all three businesses
 - Profit growth well ahead of sales growth
- > Opened Builders Warehouse in George, W Cape
- > Closed six small Kangela stores in Mocambique
- > Refocusing Trade Depot:
 - Will close, sell, or convert nine stores – did five of these in Q2
 - A core of 20 large stores, regionally dominant, focused on Building Materials. Representing approx. 75% of original sales
- > Trading space decreased by 2.7%

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Massbuild *continued*

	2013	Change
Sales	R4.2bn	9%
PBIT	R177m	2%
<i>PBIT margin</i>	4.2%	

- > Builders Warehouse Botswana performing well. Opened in Francistown in July '13
- > Opened RDC in Midrand, Jhb, in April 2013. New costs of R20m. Already 15% of through-put, target 70%. Indent opportunity
- > SAP IT now in all three businesses
- > R23m of store opening costs & closure costs (LY R3m)
- > 22 new stores in 2H and 2014, including in Moz (two) and Zambia (one)
- > Includes eight new format Builders Warehouse focused on lower-income customers – *Buildrite*

Masscash

	2013	Total	Comps	Inflation
Sales	R11.9bn	5.6%	4.2%	4.6%

- > Tough trading environment:
 - Wholesale comp sales growth 3% and Retail comp sales 5%
 - Intense competition from independently-owned ex-Metro sites
 - Lower product inflation, but now increasing
- > Despite good cost control, margin pressure caused profits to decline in Wholesale
- > Opened new Wholesale store in Xai Xai, Mocambique. Local Kangel store to relocate to same premises (owned by us)
- > Saverite – a differentiator and doing well
- > Trading space increased 1.7%

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Masscash *continued*

	2013	Change
Sales	R11.9bn	5.6%
PBIT	R92m	-14%
<i>PBIT margin</i>	<i>0.8%</i>	

- > Masscash Retail now on single IT platform, after Gauteng stores' conversion in 1H
- > Retail performance improving
- > Rhino Cash & Carry: now 18 stores and performing satisfactorily
- > Closed one Cambridge store in 1H, another in 2H
- > One new Cambridge store in 1H, five new in 2H
- > Will close six smaller loss-making Wholesale stores in 2H

Store Portfolio

	Massdiscounters	Makro	Massbuild	Masscash	Total
December '12	133	18	85	123	359
Opened	3	1	1	2	7
Closed	-	-	-5	-1	-6
Sold	-	-	-1	-	-1
June '13	136	19	80	124	359

- > Massdiscounters: opened three Game stores
- > Makro: opened Alberton
- > Massbuild: Opened one Warehouse, closed two Express, closed three and sold one Trade Depot. One Trade Depot converted to an Express
- > Masscash stores: Retail – opened one, closed one. Wholesale – one opened

Massmart in Africa

- > 29 stores, three formats, in 11 countries ex-South Africa
- > 6-mth sales of R2.5bn. 11% growth over LY
- > Average annual sales per store R172m
- > Two focus areas:
 - City strategy – most current Group formats
 - Country strategy – Food in East & West Africa
- > Objectives:
 - Higher growth. Average GDP growth of 6.8% for 2013-17 in these eight countries (source: DB report *Sub-Saharan Africa*, 15 July '13)
 - Diversification

Massmart is currently in these countries: Botswana, Lesotho, Swaziland, Namibia, Zambia, Mocambique, Malawi, Tanzania, Uganda, Ghana & Nigeria.

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Massmart in Africa *continued*

> Challenges:

- Supply chain
- Skills
- Customs duties, Income Tax
- Cash repatriation
- Real Estate

> New stores in FY13 & FY14:

- Mocambique & Zambia: two Game, four Builders Warehouse & two Wholesale
- Kenya, Nigeria & Angola: six Game (FY14 – FY15)

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Food Retail

- > The Group's Food Retail stores: Game Food, Makro, Cambridge, Rhino & Saverite
- > 6-mth sales of R5.7bn. Growth of 19%
- > Game impact:
 - Increased customer traffic
 - Very strong comparable Food sales growth
 - Reduces cyclicalities
- > Makro impact:
 - Customers' visits and spend per basket increases
 - Higher food margin
 - Greater GM / Food cross-selling

Food Retail *continued*

- > Securing executive Food Retail skills at Group level
- > Focusing on joint supply of Fresh (F&V, Meat, & Bakery), whether owned or outsourced
- > New or converted stores (to end FY14):
 - 20 Cambridge
 - 29 Game
 - 4 Makro



June 2013
Financial Performance

Brief Overview of 26 weeks to June 2013

Income Statement:

- > Total & comparable sales growth of 8.9% & 5.5%, respectively
- > Gross margin decreased to 18.7% (PY: 19.1%)
- > Comparable expenses increased 8.8% > comparable sales growth
- > Walmart integration costs - treated as normal operating cost
- > Good results – Makro & Massbuild
Poor result – Massdiscounters (Game SA)
- > Operating profit before interest and forex - down 1.0%

Brief Overview of 26 weeks to June 2013

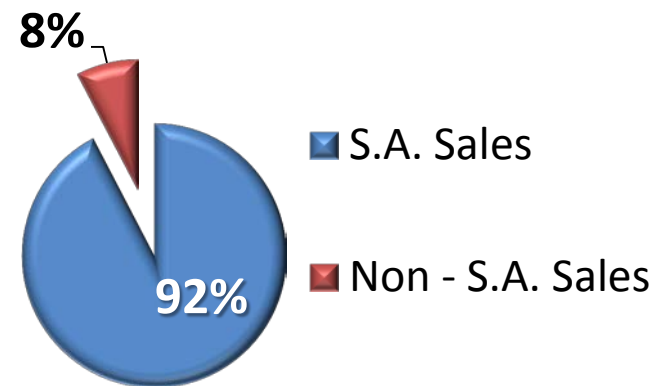
Balance Sheet:

- > Working capital remains a challenge
 - Inventory days increased – Game SA overstocked
- > Purchase of 7 Makro properties in January 2013
 - Cash outflow of R575m
- > Increased Gearing

Sales

	2013 Rm	2012 Rm	Total % Change	Comp %	Inflation %
Massdiscounters	7 618.1	6 986.5	9.0	3.7	0.5
Masswarehouse	8 608.9	7 570.7	13.7	6.9	2.6
Massbuild	4 246.9	3 897.9	9.0	9.0	3.1
Masscash	11 895.5	11 261.8	5.6	4.2	4.6
Total	32 369.4	29 716.9	8.9	5.5	2.9

- > Real comparable sales growth - except Masscash
- > Africa local currency sales growth - 8.4%
Rand growth -10.7%



Sales Inflation

YTD Sales Inflation to June 2013	%
General Merchandise	0.2
Home Improvement	3.1
Food & Liquor	4.4
Total	2.9

- > Weak Rand likely to push inflation higher
- > General Merchandise inflation

Gross Profit

	2013	2012
Gross Profit	R6 063m	R5 677m
As % of Sales	18.7%	19.1%

- > Margins decreased due to a combination of:
 - Higher Africa contribution in Massdiscounters;
 - Improved trading in Massbuild;Offset by
 - Greater Food contribution at a lower margin;
 - Difficult trading conditions in Wholesale Food

Operating Costs (excluding forex)

	2013	2012
Operating Costs	R5 429m	R5 038m
As % of Sales	16.8%	17.0%

- > Operating costs (excl. forex) increased by 7.8%
- > Employment costs up 16.2%
- > Depreciation & occupancy costs up 12.2% & 13.5%, respectively
- > Pre-Opening costs of R39.3m
- > Comparable expenses increased by 8.8%

Employment Costs (47% of total costs)

	2013	2012
Employment Costs	R2 556m	R2 199m
As % of Sales	7.9%	7.4%

- > Total increase of 16.2%
- > Comparable increase of 10.0%
- > Increase in staff (FTEs) of 7.2% (from June 2012)
 - Result of new stores, HO skills & two new RDC's

Occupancy Costs (22% of total costs)

	2013	2012
Occupancy Costs	R1 215m	R1 071m
As % of Sales	3.8%	3.6%

- > Total increase of 13.5%
- > Comparable increase of 8.5%
- > 6.3% net new trading space (from June 2012)
- > 9.1% net new total, trading and RDC, space (from June 2012)
- > High inflation - rates, services & electricity

Depreciation (7% of total costs)

	2013	2012
Depreciation	R357m	R319m
As % of Sales	1.1%	1.1%

- > Increased by 12.2%
- > Significantly higher than sales growth
- > Capital expansion driving depreciation:
 - New stores & RDC's opened in the period

Forex Gains & Losses

	2013 Rm	2012 Rm
Massdiscounters	133.5	(169.4)
Other	0.3	14.5
Total Forex Gain/ (Loss)	133.8	(154.9)

- > Rand weakness compared to African currency basket
- > PY Devaluation in Malawi

EBITDA & EBITDAR

	2013 Rm	2012 Rm	Change %
Operating profit before forex	730.3	737.8	(1.0)
Depreciation & amortisation	357.4	318.6	12.2
Impairment of assets	-	16.2	
EBITDA before forex	1 087.7	1 072.6	1.4
Occupancy cost	1 215.2	1 070.9	13.5
EBITDAR before forex	2 302.9	2 143.5	7.4

Tax Charge

	2013	2012
Total tax	R230m	R207m
Effective tax rate	31.1%	40.2%

- > Lower tax rate due to:
 - Decreased proportion of non-deductible expenditure related to the transaction in prior year
 - No STC in current year
- > Rate should normalise at 30%

Stock & Creditors

	2013		2012	
	Rm	Days	Rm	Days
Net Stock ⁽¹⁾	8 991.2	62.4	7 615.6	57.8
Trade Creditors ⁽¹⁾	9 644.9	58.7	8 908.8	59.3

- > Stock increased 18.1% - Stock days up significantly
 - Massdiscounters - over-stocked due to lower comparable sales in Game South Africa
 - Makro carrying higher stock – 3 additional stores
- > Trade Creditors days –marginally down
 - Mix change from General Merchandise to Food
- > Working capital funding continues to be a key focus area

Debtors

	2013		2012	
	Rm	Days	Rm	Days
Gross Trade Debtors	1 720	8.5	1 628	8.8

- > Trade debtors are well controlled throughout the Group
- > Bad debts are closely monitored
- > No significant concentration of debtors

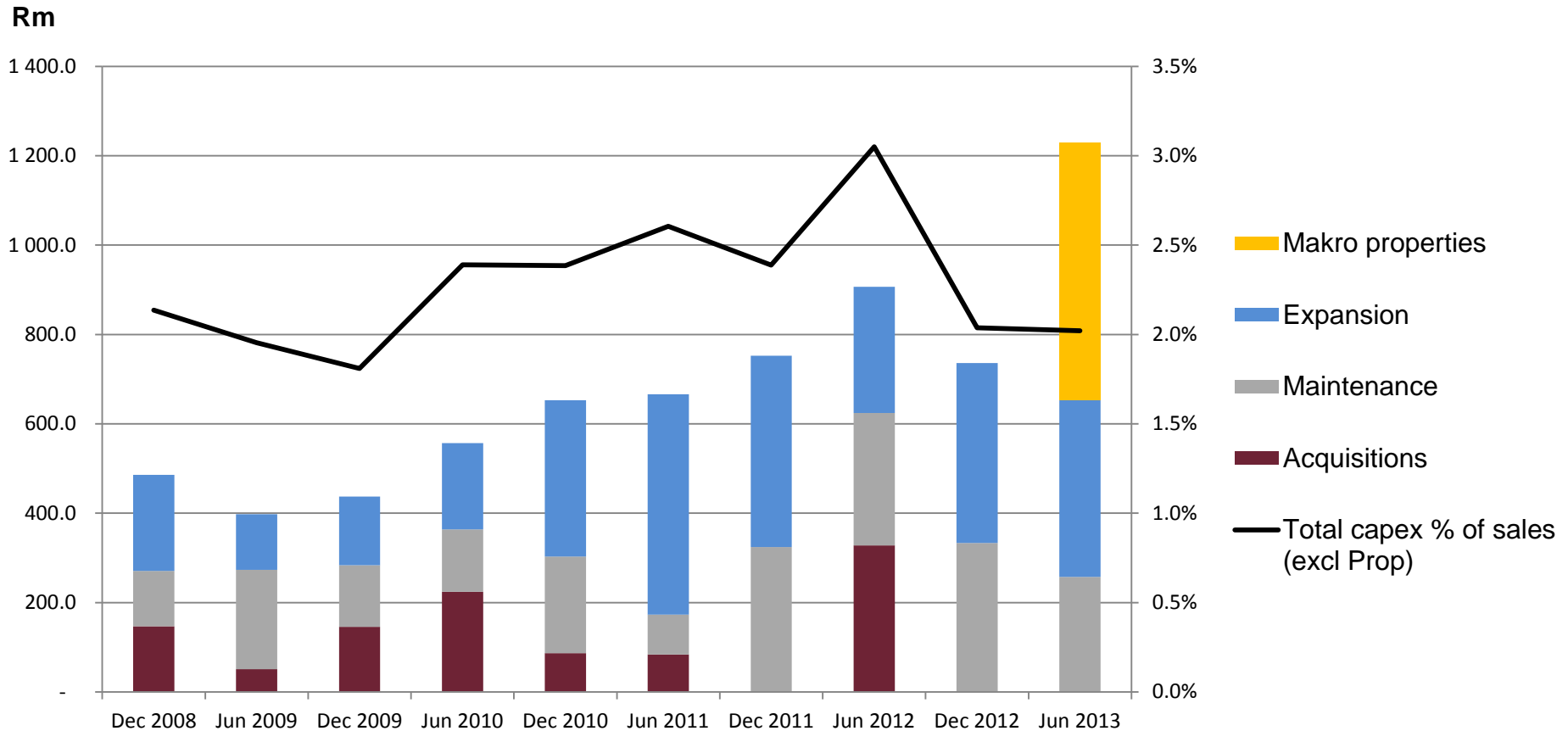
Net Capital Expenditure

	2013 Rm	2012 Rm
Replacement Capex	257.7	296.1
Investment Capex	971.5	610.4
Total Capital Expenditure	1 229.2	906.5
Other Investing Activities	(30.2)	(3.0)
Net Total Capital Expenditure	1 199.0	903.5

> Includes:

- The opening of Makro Alberton
- The opening of the Builders Warehouse RDC
- Acquisition of 7 Makro properties – R575m

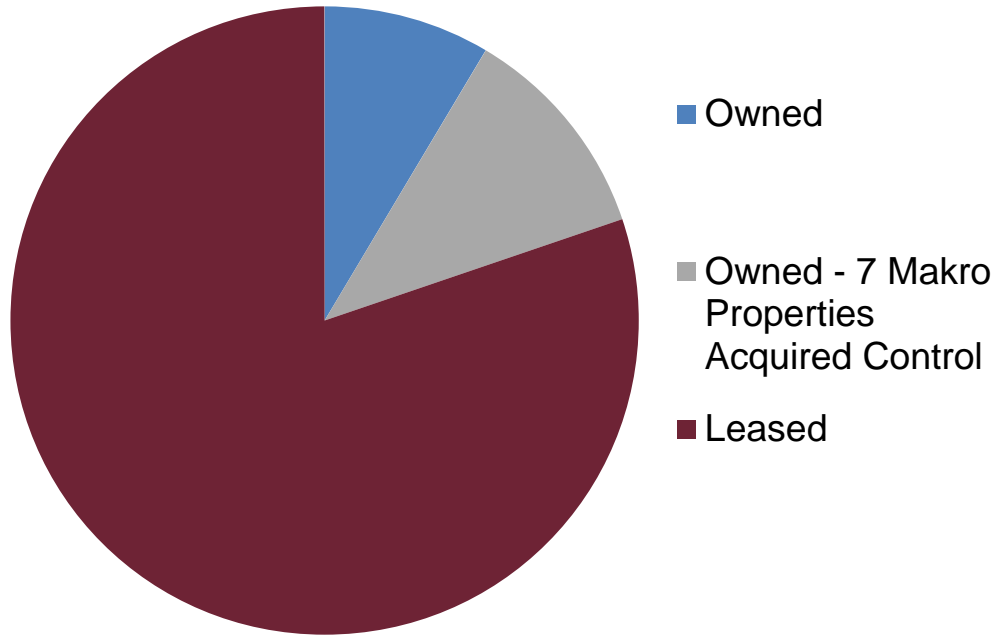
Capex



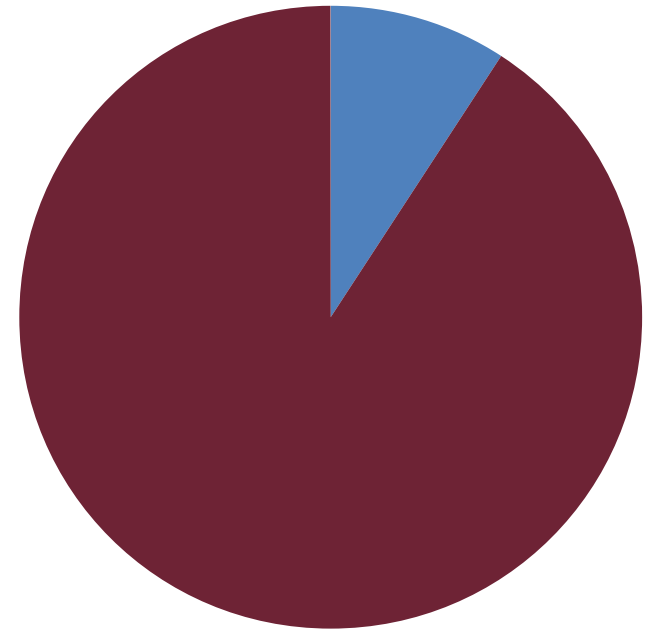
- > Capex as a % of sales - 3.8% (June 2013) & 3.1% (June 2012)
- > Capex as a % of sales, excluding Makro properties - 2.0% (June 2013)

Sales Split between Owned and Leased Assets

June 2013



June 2012



> Sales from owned assets - 19.8% (June 2013) & 9.2% (June 2012)

Cashflow Statement

	2013 Rm	2012 Rm
Operating Cashflows	1 266.6	974.3
Working capital movements	(1 901.8)	(1 885.5)
Cash from Operations	(635.2)	(911.2)
Interest and Tax paid	(488.6)	(299.4)
Replacement Capex	(257.7)	(296.1)
Free cashflow	(1 381.5)	(1 506.7)
Dividends paid	(595.9)	(547.7)
Investment and other Capex	(941.3)	(607.3)
Cash (outflow) before Financing	(2 918.7)	(2 661.7)

Dividends

	2013 (cents)	2012 (cents)
Dividend per share	146	146

- > Dividend Policy cover = 1.55x
- > Held the dividend per share consistent with prior period
- > Interim cash dividend - 146 cents per share



Performance Summary

Business Performance Summary

CEO Six Months in Review

- Forex movement overstates underlying growth
- Struggling economy vs robust economy of last year
- Lower and middle LSM consumers affected
- Comp expenses growing faster than comp sales
- Stronger operational disciplines
- Disappointing Game performance
- Global general merchandise shopping patterns evolving quickly



Environment

Environment

Socio Economic

Challenging environment:

- Weak growth
- General slowdown in consumer spending
- Lower and middle income consumers under pressure
 - decline in unsecured lending
 - job losses
 - higher inflation (oil and food)
- Lower than expected Q1 GDP and forecast downwards
- Weaker / volatile Rand
- Potential risks in wage negotiations and job cuts
- Energy, water and other basic costs continue to rise

Environment

Competitive Retail

- Upper income retailers outperforming middle and lower income retailers
- Durable goods underperforming compared to semi-durable and consumables
- Music, television and laptop market down
- Wholesale market rebalancing post Metro break-up
- Markets outside SA performing well
- Illicit goods flooding the markets in some categories
- Private label outperforming national brands
- Stabilisation of the housing market

Environment

Competitive Retail - Massmart

- Game caught by both middle/low income consumers and durable goods exposure headwinds
- Masscash exposed to low income consumers and wholesale food dynamics
- Massbuild taking advantage of high income consumers investing in homes and a stabilising housing market
- DionWired and Makro general merchandise weathering the durable goods storm because of greater upper income exposure
- No discernable difference between metropolitan cities, peri-urban and rural consumers
- Group performance cushioned by non South African business



Strategic Priorities

Strategic Priorities

A Three-Year Look Ahead

- Increase Profit Margin through Capital and Operational Disciplines
- Deliver Divisional Strategies
- Increase African Growth
- Innovate in the Areas of Fresh, Clothing and e-Commerce
- Win Trust through Leadership, Culture, Compliance, Sustainability and Supplier Development

Deliver Divisional Strategies

Massdiscounters

- Focus on Game SA brand promise – lowest prices, focused ranges and quality guarantee
- Improve in-store shopping experiences
- Improve IT and Supply Chain efficiencies
- Continue roll out of food

Massbuild

- Realise Supply Chain and IT invested value
- Optimise Builders Trade Depot
- Expand in SA and Africa
- Introduction of new Buildrite brand

Masscash

- Wholesale
 - Operate for less whilst improving customer shopping experiences
 - Review store portfolio
- Retail
 - Grow profitable regions
 - Offer consistent fresh food assortment at the best price

Masswarehouse

- Extract value from new store rollout
- Refine fresh and butchery offering
- Gain market share in food and liquor



Grow in Africa

- Appointed African Executive
- Appointed West Africa Area Manager
- Established African Forum
- Exploring Other Opportunities for Food Retail Expansion



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Innovate in New Areas

Fresh

- 89 stores with fresh offering
- Appointing Massfresh central team
- Direct farm initiatives
- Adding baked goods to stores
- Expanding Fruit and Veg / Butchery

Clothing

- Exploring the UK based George brand
- Game essentials
- Makro baby
- Testing pop up shops later this year

George.

e-Commerce

- DionWired Performance:
 - 1.2m online visitors
 - 2400 items
 - 220% turnover vs LY
 - New Live Chat feature
- Appointed a Central Resource
- New Makro website launch in 2014
- Leveraging Walmart.com

Winning Trust

People

New executive share and incentive schemes approved
40 new graduates

Culture

Walmart culture imbedded into the business with increased focus on improving customer experiences

Leadership

Executive Development, Training Initiatives,
Global Women's Council

Compliance

Lead in food/product safety,
regulatory and ethics

Sustainability

Opened first store with 100% LED lighting (Makro Alberton) - 45% more energy efficient saving R2.5million annually

Supplier Development

Total commitments stand at R59m of the R240m fund, mainly across the 162 farmers engaged in the Direct Farm Programme. The second half of the year will see an increase in new manufacturing project commitments focusing in: clothing, milling, paint, and bricks

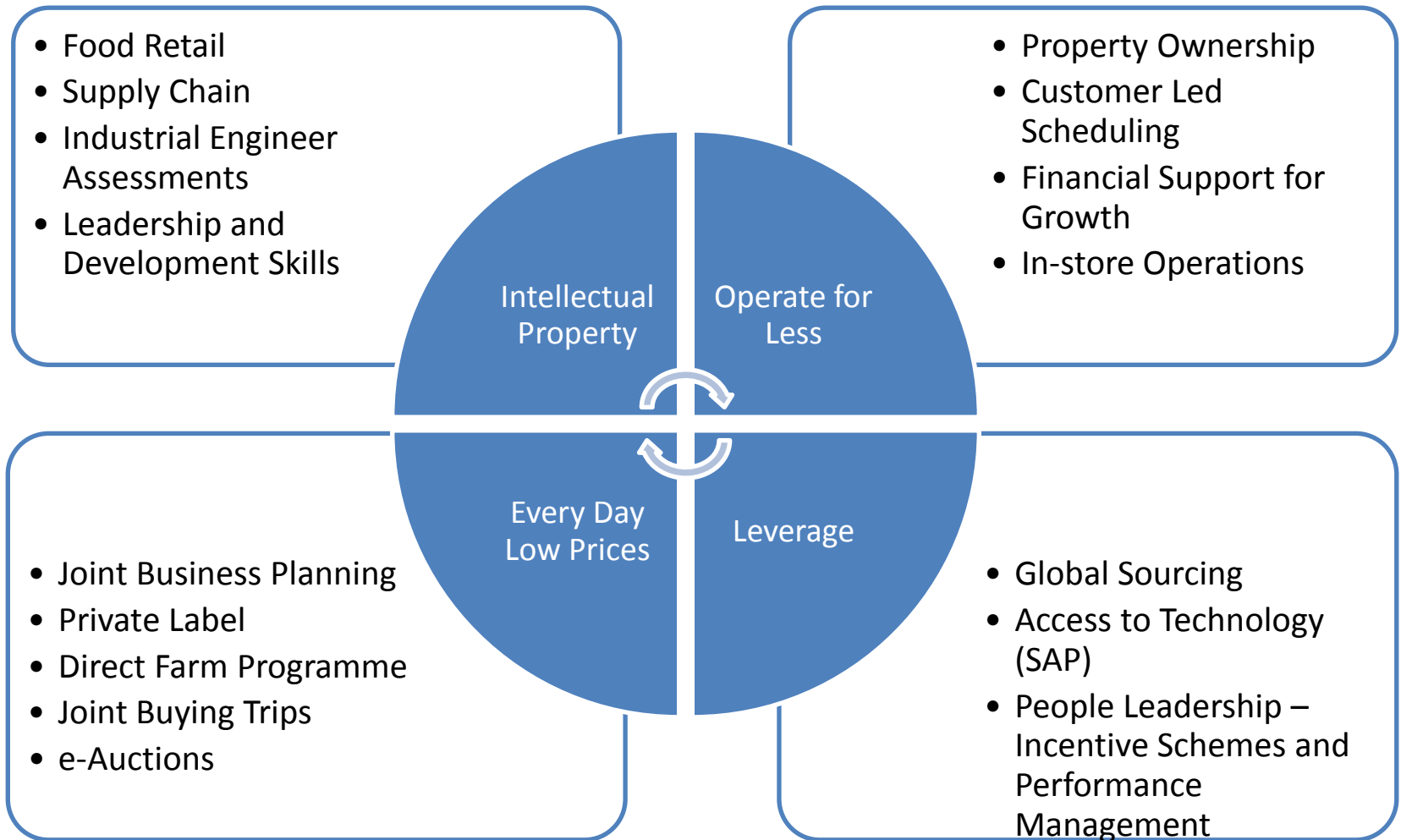


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Walmart's Value

Saving People Money to Live Better



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Risks & Prospects

Massmart's 2013 Prospects

- For the 34 weeks to 18 August 2013, total sales increased by 9.2% and comparable sales increased by 5.3%, continuing the trends experienced towards the close of the financial year
- Remainder of the year will probably see sales under pressure
- Upside being the annualising of the slow-down which started in September of last year
- Any improvement in earnings in the short term will be dependent on our ability to reduce costs
- Any market share gain will be as a result of superior retail offering
- Our recent large investments for growth means that in the short term we are poorly positioned to respond to a slowdown
- Full year will be for a 53 week period

Risks

- Effect of US 'tapering' on African economies
- Currency volatility and liquidity in SA and other African markets
- Labour unrest



Conclusion

Conclusion

- Difficult trading period
- Operationally stronger
- A lot of growth opportunities
- Tough six months ahead
- Promising 2014



**Thank You &
Questions**



Additional Financial Data

Reviewed Results for 26 Weeks Ending June 2013

	June 2013 Rm	June 2012 Rm
Revenue	32 466.0	29 815.8
Sales	32 369.4	29 716.9
Cost of sales	(26 306.4)	(24 039.8)
Gross profit	6 063.0	5 677.1
Other income	96.6	98.9
Depreciation and amortisation	(357.4)	(318.6)
Impairment of assets	-	(16.2)
Employment costs	(2 555.8)	(2 199.0)
Occupancy costs	(1 215.2)	(1 070.9)
Foreign exchange profit / (loss)	133.8	(154.9)
Walmart transaction, integration and related costs	-	(143.7)
Other operating costs	(1 300.9)	(1 289.8)
Operating profit	864.1	582.9
Net finance costs	(124.3)	(67.0)
Profit before taxation	739.8	515.9
Taxation	(230.2)	(207.3)
Profit for the period	509.6	308.6

Tax Rate Reconciliation

	June 2013 %
Standard tax rate	28.0
Disallowed expenses	4.2
Assessed loss not utilised	2.2
Non taxable income	(1.9)
STC	-
Other	(1.4)
Group tax rate	31.1

Headline Earnings Reconciliation

	June 2013 Rm	June 2012 Rm
Attributable earnings	481.5	280.5
Impairment of assets	-	16.2
Loss on disposal of fixed assets	7.9	10.2
Loss on disposal of business	1.8	12.1
Fair value adjustment on assets classified as held for sale	-	7.9
Tax effects on adjustments	(2.7)	(5.4)
Headline earnings	488.5	321.5

Capex Per Category

	June 2013 Rm	June 2012 Rm
Investment to expand operations	(971.5)	(610.4)
Land and buildings/leasehold improvements	(660.4)	(58.0)
Vehicles	(21.2)	(11.1)
Fixtures, fittings, plant and equipment	(241.2)	(197.0)
Computer hardware	(14.0)	-
Computer software	(32.1)	(7.3)
Other	(2.6)	(9.1)
Businesses acquired	-	(327.9)
Net investment to maintain operations	(257.7)	(296.1)
Land and buildings/leasehold improvements	(12.5)	(24.0)
Vehicles	(23.3)	(13.0)
Fixtures, fittings, plant and equipment	(155.3)	(127.5)
Computer hardware	(30.7)	(60.6)
Computer software	(35.9)	(71.0)

Number of Shares

	'000
At December 2012	216 910
Shares issued	129
At June 2013	217 039
Weighted-average at June 2013	216 893
Diluted weighted average at June 2013	219 413