Dedicated to Value

Massmart Reviewed Results
for the 26 weeks to 28 December 2008

Presentation to Investors, Analysts and Media
February 2009

Agenda

- Operating & Financial Performance
- The Environment
- The Divisions
- Update on Vision for Growth 2011
- Long-term Growth
- Risks & Prospects

ADDENDUM – Additional financial data

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December 2008
Operating & Financial Performance

Massdiscounters

	2008	% change
Sales	R6 088m	*13.1%*
PBT	R542m	*17.0%*
PBT margin	*8.9%*	

- Sales inflation 1.8%
- Game SA: good sales growth but profit slightly below prior year
- Reducing excess inventory levels took longer than anticipated
- Consumer Credit division & book sold 1st day of FY09:
  - Cash proceeds R174m
  - No impact on 1H PBT (FS Income down, expense savings, and higher interest)
- Africa performing well:
  - Total Rand sales +62% and local currency sales +32%
  - R21m forex gain (2007: R5m loss)
  - Slow repatriation of some cash from four countries, exacerbating forex translation

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Makro

	2008	% change
Sales	R5 868m	*14.9%*
PBT	R445m	*21.1%*
PBT margin	*7.6%*	

- Sales inflation 11.9%
- Gross margins steady
- Great cost control
- Inventory days unchanged
- Secured site for new store in Gauteng

Massbuild

	2008	*% change*
Sales	R2 936m	*1.4%*
PBT	R169m	*(29.2%)*
PBT margin	*5.8%*	

- Sales inflation 10.6%
- Gross margins slightly lower
- Dramatically better inventory position (Builders Warehouse days improved by 26%)
- Better cost control – likely to mitigate some PBT pressure in 2H
- Higher interest income from improved working capital (and higher rates)
- Three new stores (+4.6% new space)

Masscash

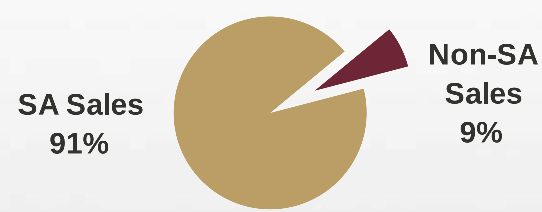
	2008	% change
Sales	R7 866m	*16.8%*
PBT	R289m	*33.1%*
PBT margin	*3.7%*	

- Sales inflation 15.9%
- New BATSA distribution model adversely affected total (3.8%) and comparable sales growths (4.6%)
  - Adjust for this then PBT margin 3.55%
- Cambridge Food acquisition effective 1 December 2008:
  - 51% interest. Cash consideration. Six stores
  - No income statement effect in 1H
- Seven acquired stores, one closure (+8.3% new space)

Sales

(Rm's)	2008	2007	*Total %Chg*	*Comp. %Chg*
Massdiscounters	6 088	5 384	*13.1*	*14.6*
Makro	5 868	5 108	*14.9*	*11.8*
Massbuild	2 936	2 897	*1.4*	*(2.7)*
Masscash	7 866	6 734	*16.8*	*16.9*
Total	**22 758**	**20 123**	***13.1***	***11.9***

- Real total sales growth in Massdiscounters, Makro and Masscash
- Masscash & Makro assisted by Food inflation



Inflation

- Annual rolling Group inflation to December 2008:
  - General Merchandise 1.1%
  - Home Improvement 10.6%
  - Food & Liquor 15.1%
  - Total 9.9%
- General Merchandise inflation low – from changing consumer behaviour, technology and lower price-points
- Early signs of Food inflation abating

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Store Portfolio

	Massdiscounters	Makro	Massbuild	Masscash	Total
June 08	90	*13	68	71	242
Acquired	-	-	-	7	7
Closed	-	-	-	(1)	(1)
Openings	3	-	3	-	6
Dec 08	**93**	***13**	**71**	**77**	**254**

- Massdiscounters: two Game stores and one new Dion Wired store
- Massbuild: one new Builders Warehouse, one new Builders Express, one new Trade Depot
- Masscash: Cambridge and a single-store acquisition

* Excludes two Makro Zimbabwe stores

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Trading Space

- Net new space 39 771m²
  - Opened and acquired 40 771m²
  - Closed 1 000m²
- December 2008 trading space 1 052 555m²
- 3.9% net space growth (unweighted)

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Sales Growth Analysis

	%
Existing stores (comparable growth)	11.9
New stores	1.2
Total sales growth	**13.1**

- 34-week sales growth update (22 Feb 09):
  - 12.7% total and 11.3% comparable
  - Slower growth across all four Divisions (disinflation, prior year power outages, cigarette sales)

Gross Profit

	2008	2007
Gross Profit	R4 128m	R3 712m
% of Sales	*18.1%*	*18.4%*

- Steady margins in Masscash and Makro
- Lower gross margins in Massdiscounters and Massbuild
- Some portfolio effect – Massbuild sales at lower % participation as prior year

Operating Costs

	2008	2007
Operating Costs	R2 932m	R2 622m
% of Sales	12.9%	13.0%

- Costs exclude Forex gains / losses and Other Income
- 11.8% increase, below sales growth
- This includes:
  - Total IFRS 2 charges R68.0m (2007: R52.4m)
  - Pre-opening costs of R17.7m (2007: R20.9m)
- Adjusting for these: 11.5% increase (12.5% of sales)

Employment Costs (51% of total costs)

	2008	2007
Employment Costs	R1 493m	R1 350m
% of Sales	6.6%	6.7%

- 10.5% increase
- After adjusting for all IFRS 2 charges, 9.8% increase
- 3.6% increase in staff (FTEs)

Occupancy Costs (18% of total costs)

	2008	2007
Occupancy Costs	R538m	R469m
% of Sales	2.4%	2.3%

- 14.9% increase
- 2.9% more space than December 2007
- Due to lease-smoothing, new stores and re-negotiations will generally cause disproportionate annual increases

Depreciation and amortisation (6% of total costs)

	2008	2007
Depreciation	R171m	R143m
% of Sales	0.8%	0.7%

- 19.6% increase – driven by higher capital expenditure since 2006
- Expected to continue ahead of sales growth due to new stores and refurbishments

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Forex Gains & Losses (unrealised & realised)

Rm's	2008	2007
Massdiscounters	21.4	5.4
Other	31.0	(7.1)
IAS 39	0.3	(13.2)
Total	**52.7**	**(14.9)**

- Massdiscounters: net realised gains / unrealised losses arising from African operations
- Other: predominantly unrealised gains on translation of offshore monetary balances
- IAS 39: net realised and unrealised losses on FECs

Group Forex Exposures & Effect

Main Types of Exposure	Exchange Rate?	Disclosure of Resulting Forex Gain or Loss?
Foreign balance sheets	At Spot	*Fixed Assets, Stock & Equity*: no Income Statement effect, instead forex movement shown in Balance Sheet *Debtors, Cash & Creditors*: forex gain or loss shown in Income Statement Spot rate = higher volatility
Foreign income statements	At Average	No separate forex gain / loss, just higher or lower Rand-denominated foreign earnings Average rate = lower volatility
FECs on imports	At Spot	FEC premium shown in *Cost of Sales* not as forex loss *Stock* is shown at the FEC rate

FEC = Foreign Exchange Contract, being forward cover contracts on imports

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Divisional PBIT

Rm's	June		
	2008	**2007**	**%**
Massdiscounters	513.2	444.0	*15.6*
Masswarehouse	405.9	335.8	*20.9*
Massbuild	146.2	222.7	*(34.4)*
Masscash	268.5	198.0	*35.6*
Total PBIT	**1 333.8**	**1 200.5**	***11.1***
PBIT growth excl forex			***5.4%***

PBIT = Profit before Interest & Tax & IFRS 2 BEE charge

Net Interest Paid

Rm's	December		
	2008	**2007**	**%**
Massdiscounters	28.3	18.7	*51.3*
Masswarehouse	39.5	32.0	*23.4*
Massbuild	22.6	15.7	*44.0*
Masscash	20.6	19.1	*7.9*
Corporate	(140.0)	(113.3)	*23.6*
Total interest	**(29.1)**	**(27.9)**	***4.3***

- Divisions – improved working capital & higher interest rates
- Corporate – higher lending to Divisions & higher interest rates

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Divisional PBT

Rm's	December		
	2008	**2007**	**%**
Massdiscounters	541.5	462.7	*17.0*
Masswarehouse	445.3	367.7	*21.1*
Massbuild	168.9	238.4	*(29.2)*
Masscash	289.0	217.1	*33.1*
Total PBT	**1 444.7**	**1 285.9**	***12.3***
PBT growth excl forex			***7.0%***

PBT = Divisional Profit before Tax & IFRS 2 BEE charge and corporate interest payment

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Tax Charge

	2008	2007
Total tax	R378m	R359m
Tax rate	29.7%	31.6%

- Applied 28% (2007: 29%) corporate rate
- All IFRS 2 charges not tax deductible, so effective tax rate is 28.2% (2007: 30.2%)
- Includes STC on dividends 2.1% (2007: 2.3%)

Stock & Creditors

	Dec 2008		Dec 2007	
	Rms	Days	Rms	Days
Net Stock (1)	5 534	54.2	5 300	58.9
Trade Creditors (1)	8 129	69.8	7 416	72.3
Provisions & Accruals	950	-	845	-

- Great stock improvements in Massdiscounters and Massbuild
- Food supply constraints now minimal
- No noticeable pressure to reduce suppliers' terms

1. Days calculated using historic cost of sales (excludes Corporate).

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Debtors

	Dec 2008		Dec 2007	
	Rms	Days	Rms	Days
Gross Trade Debtors (1)	1 227	8.6	1 415	11.3
Consumer Debtors (1 & 2)	-	-	306	203.9

- Watching credit closely
- Massdiscounters' Consumer Debtors book sold 1st day of FY09

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

Net Capital Expenditure

Rm's	Dec 2008	Dec 2007
Replacement Capex	124	153
Investment Capex	215	197
Total Capex	**339**	**350**
New businesses	147.2	-
Depreciation & amortisation	*171*	*143*

Group Gearing

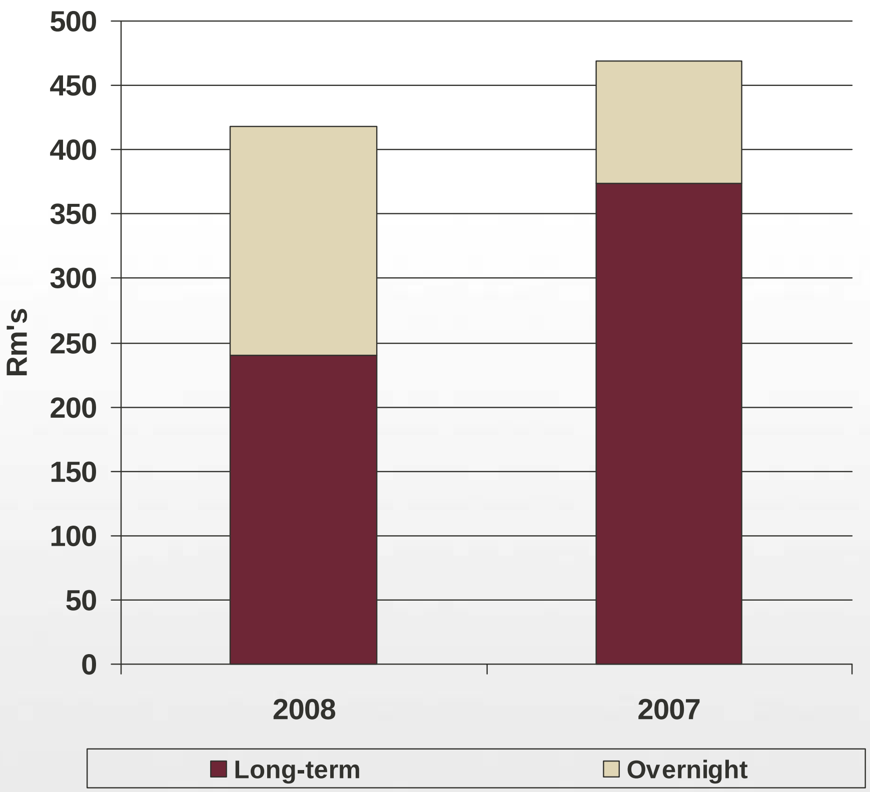
- Group net gearing, using net interest paid as a proxy, was 14% (2007: 18%)
- Had anticipated the Group being net cash-positive for most of FY09 but now not possible given lagged 1H working capital performance
- Still considering property acquisitions – new sites and existing leased properties – although with less vigour
- Likely capital expenditure for FY09 unchanged at R627m

Group Gearing Profile

Rm's	**Dec 2008**	**Dec 2007**
Average net gearing	R418m	R469m

Long-term: two five-year amortising loans (from 2006). Fixed interest rates

Overnight: unsecured bank facilities. Floating interest rates



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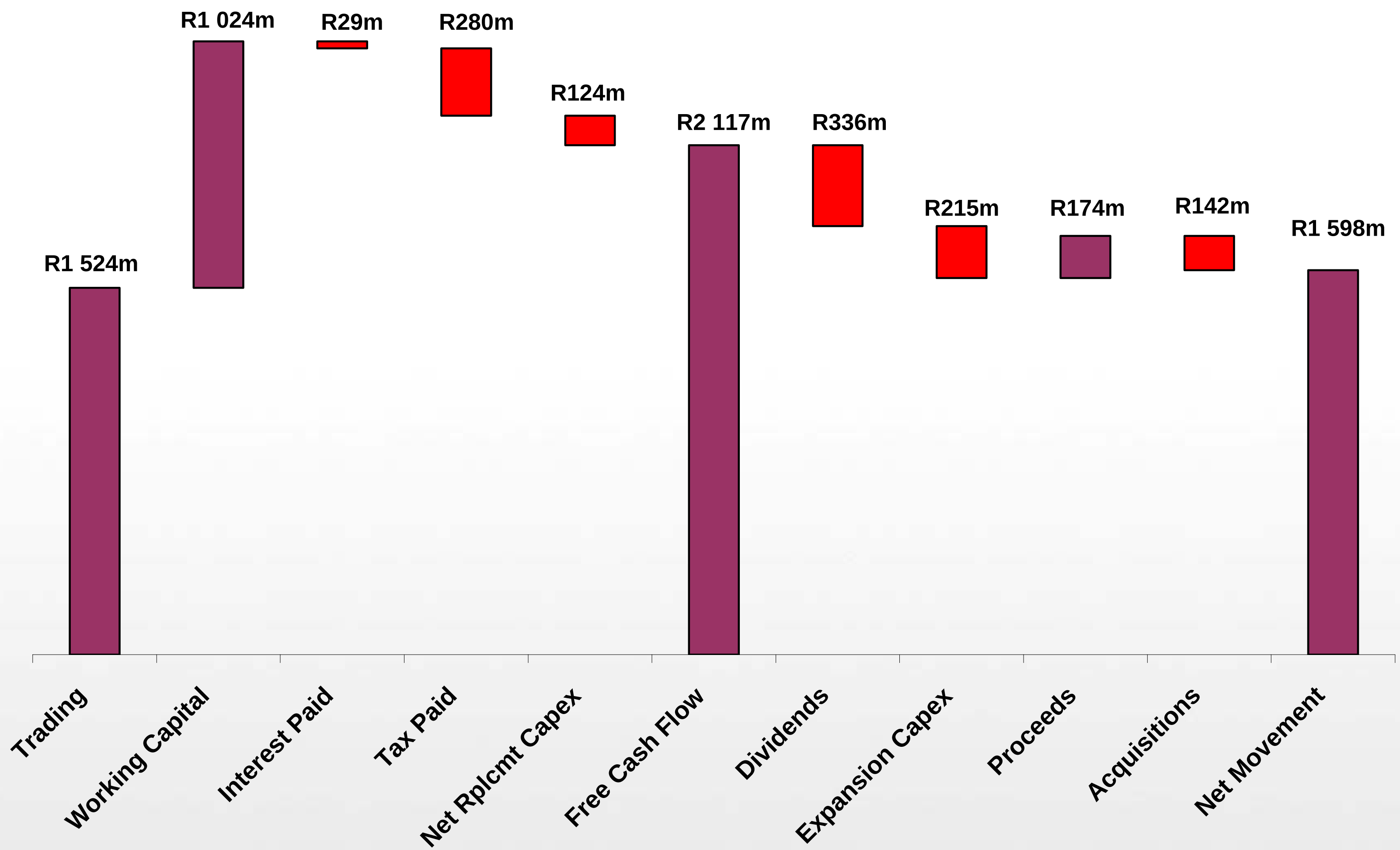
Average gearing calculated using Net Interest Paid as a proxy

Cashflow Analysis



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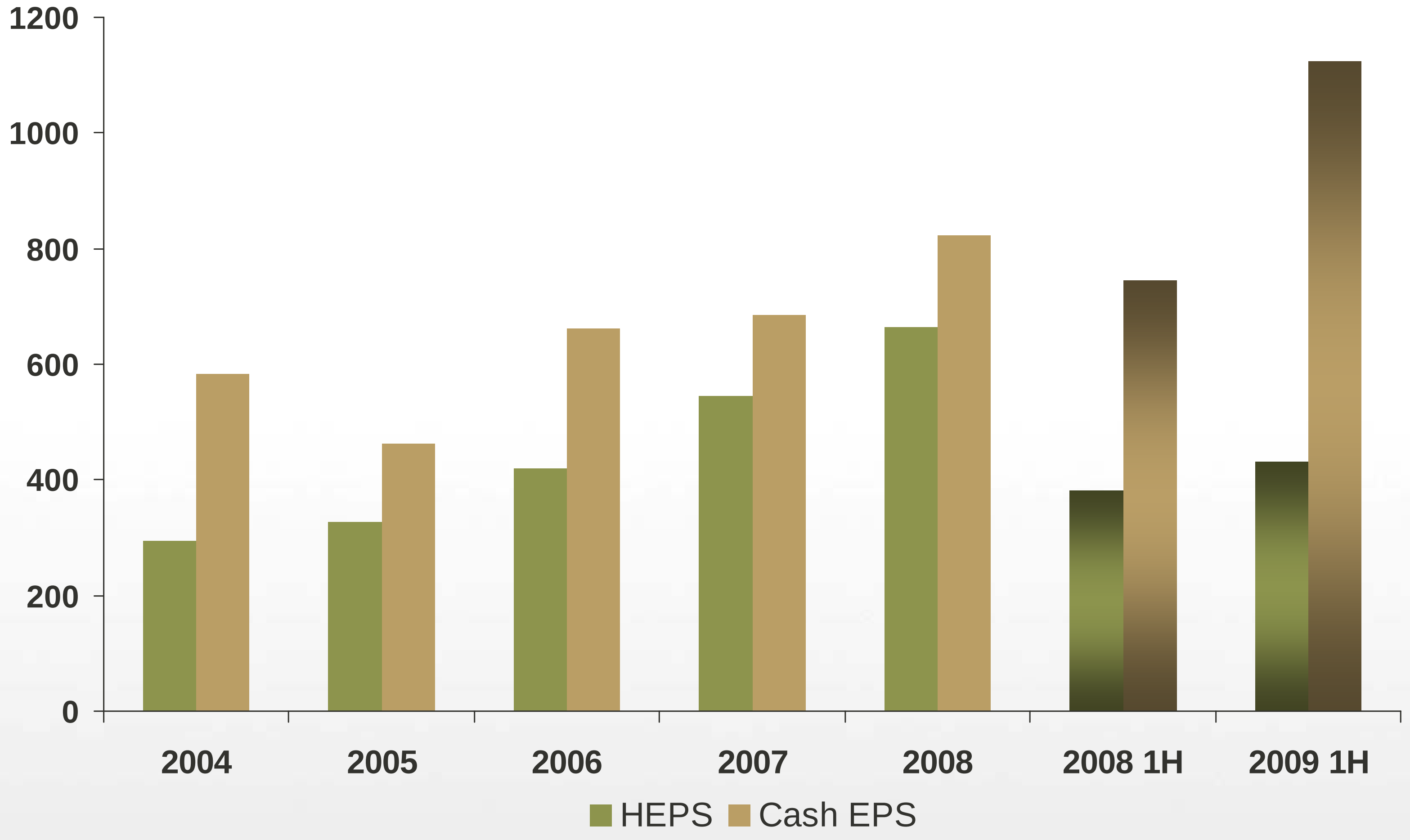
Cash Earnings



HEPS – Headline Earnings per Share (cents)

Cash EPS – Cash from Operating Activities, before dividends paid

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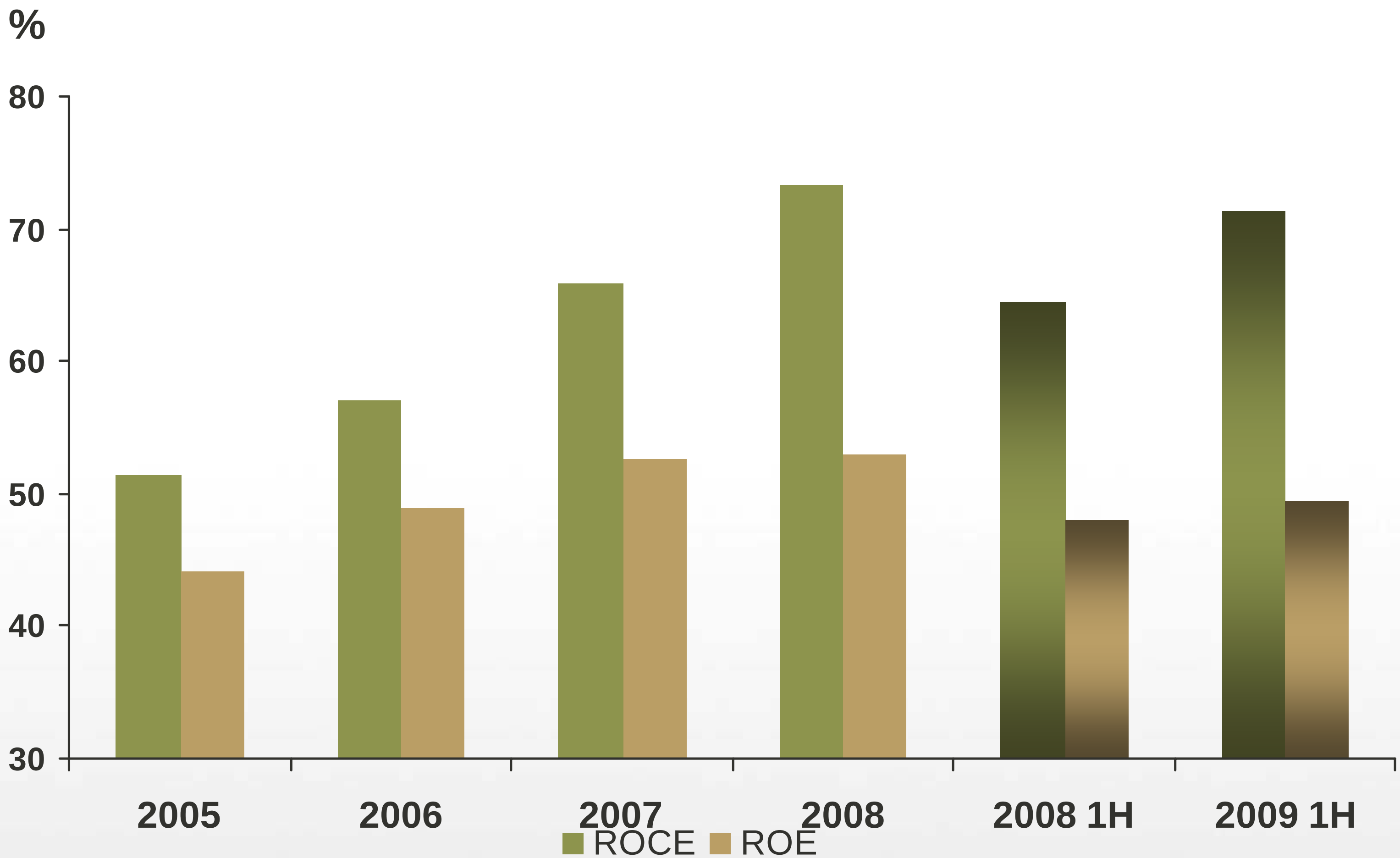
Returns



ROCE - EBITA / Average Capital Employed

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

Thuthukani BEE Staff Issue

- Effective 1 October 2006 – now annualised
- Remaining total Scheme IFRS 2 charge R264m
  - Still to be expensed over four years (was six in total)
  - Estimated maximum annual charge for 2009: R75m
  - Non-cash and no tax relief
- BEE Scheme Dividend:
  - In 2009: 75% and in 2010 100% of ordinary dividend
- IFRS 2 charge & Scheme dividend affected Group HEPS by 45 cents (2007: 31 cents)
- In 2008 (calendar) 11 900 participating employees received an average dividend of R2 412 each

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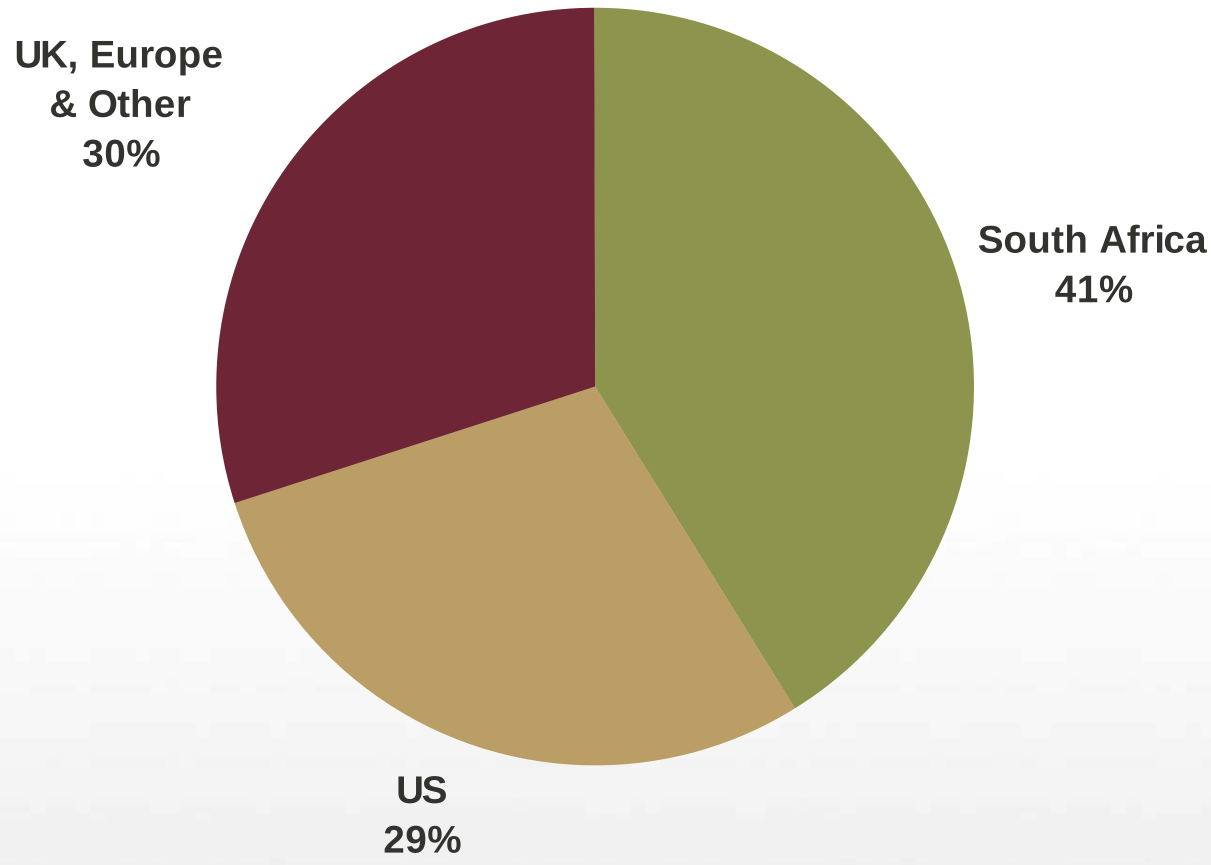
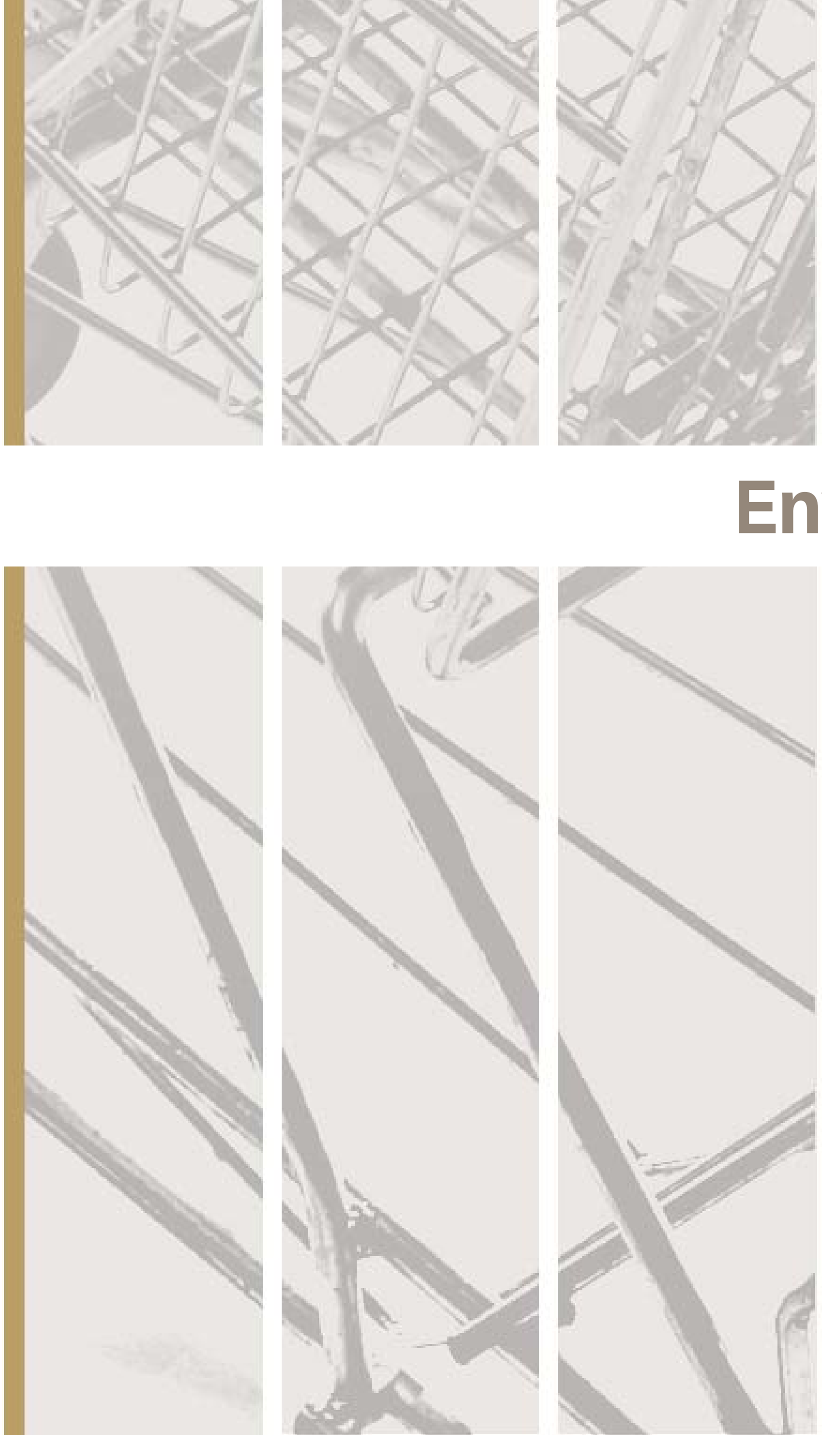
Massmart Shareholding – December 2008



Source: JPMorgan Cazenove



Environment

Environment

- Interest Rate Cycle really starting to bite.
  - Consumers focused on more immediate needs, value, and cash.
  - Car and Home repossessions yet to find the bottom.
  - Whilst overall inflation has peaked, Food & Liquor inflation is still high (15.1%), although General Merchandise inflation is still very low (1.1%). Home Improvement inflation high (10.6%).
  - Lower-income consumer seemingly healthier than middle or upper-income consumer.
  - Banks’ conservatism rising.

- Global Economic Environment impact starting to show its effect
  - Global Economic news getting worse.
  - Mining, construction and export-orientated manufacturing suffering.
  - Job loss announcements rising.

Environment

- Massmart performance is story of the SA consumer
  - African consumers have been confident, enjoying the benefits of investment driven by commodities and the emergence of a small middle-class.
  - Lower-income consumers have absorbed food inflation and maintained their purchases in volume terms. Immigration and social spending and employment has propped up this market.
  - Middle-income consumers have looked for value and responded to lower price points and promotions. They have spent more on cash than credit.
  - Consumers with, or looking to buy bonded residential homes, have reduced their investment in property, although are still maintaining them where possible.
  - Upper-income consumers have become more value conscious but have still shown a propensity to spend on technology.

The Divisions

Massdiscounters

	Dec 2008	*% change*
Sales	R6 088m	*13.1%*
PBT	R542m	*17.0%*
PBT margin	*8.9%*	

- Africa performed exceptionally well - sales growing at 62.3%.
- Dion Wired also performing exceptionally well.
- Games SA comparable sales 5.3% (1.8% inflation). Investment in pricing. SA profits slightly down.
- Supply chain implementation now gathering momentum
  - RDC, Space Planning
- Game has dropped SA stock below last year.
- New-look store Boksburg performing above expectation.
- New Africa stores pipeline building. DRC approved.
- Financial Services settled, plans in place to re-develop entire offering.
- Dion Wired National rollout plan in place.

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Masswarehouse

	Dec 2008	*% change*
Sales	R5 868m	*14.9%*
PBT	R445m	*21.1%*
PBT margin	*7.6%*	

- Continued to trade opportunistically with shortages and increases.
- Good progress with identifying and securing new sites. We will bank land if necessary.
- Developments in supply chain. Forecasting and supply chain, warehousing.
- Makro Zimbabwe switched to US Dollar basis in November 2008.

Massbuild

	Dec 2008	*% change*
Sales	R2 936m	*1.4%*
PBT	R169m	*(29.2%)*
PBT margin	*5.8%*	

- New Divisional CEO and FD joined in November.
- Improvement in control – particularly stock control.
- Massbuild has dropped stock levels to below last year
- Extent in cyclicality becoming evident – exaggerated by some own goals.
- Now starting to look for economic correlations.
- Newest thinking evident in North Riding and Centurion.
- Still struggling in KZN sites.
- Have introduced a greater value offering on-shelf.
- Diversify customer base into low income, commercial and infrastructure.

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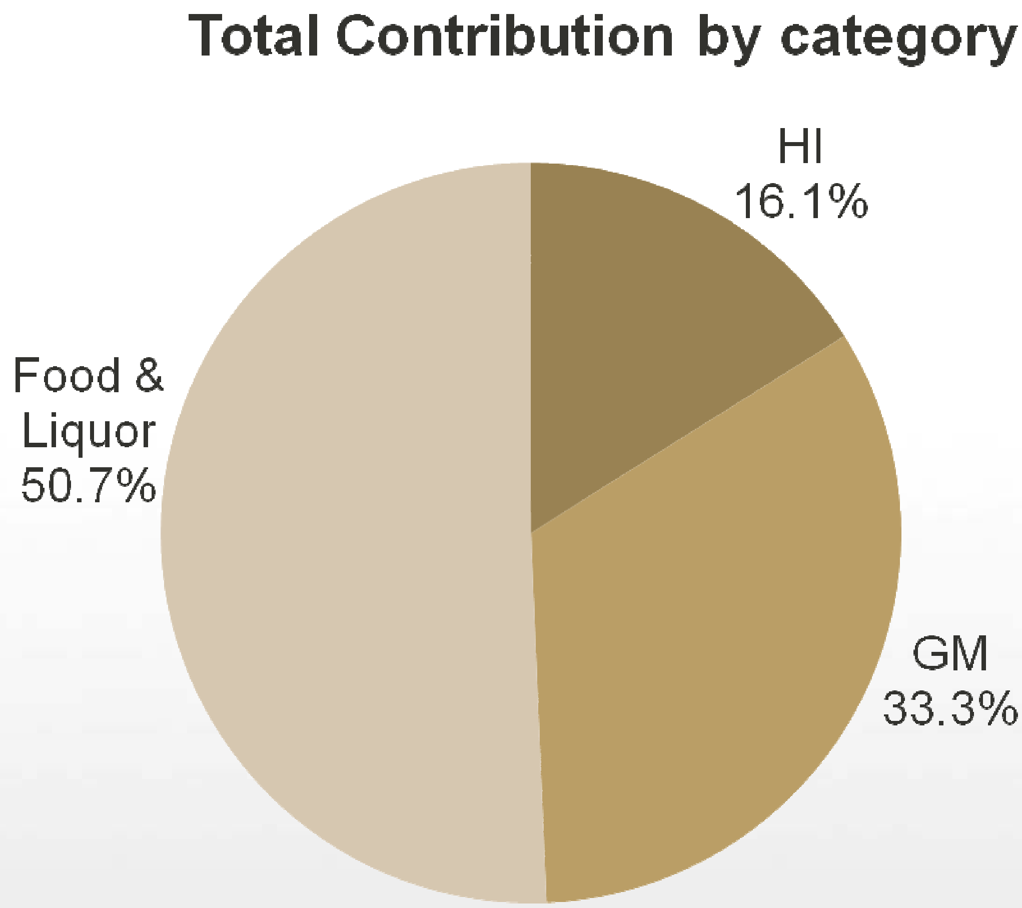
Masscash

	Dec 2008	*% change*
Sales	R7 866m	*16.8%*
PBT	R289m	*33.1%*
PBT margin	*3.7%*	

- Food inflation dominant (17.7%). Volumes steady (BATSA effect on sales).
- Inflation in all categories.
- Lower levels of inflation profit than in previous cycle – stock shortages.
- Retail Cash and Carry (Hybrid) now up to 10 stores. Another 7 stores in various stages of approval. Still building the pipeline.
- Watching food inflation carefully.
- Systems rollout in full swing.

Contribution by category



Highest performing sub-category

Category	Leading Sub-category
HI	Paint, Adhesives & Allied Bricks & Building Mixes Hardware Tool
GM	Audio Visual Major appliances Computers, printers & peripherals House wares Sport and Outdoor
Food & Liquor	Commodities Groceries Cigarettes Maize Quarts

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Update on Vision for Growth 2011

Update on Vision for Growth 2011

- Leadership and Transformation
- Growth of the core business
- New stores (expanding footprint)
- Greenfield formats
- Acquisitions
- Sustainability

Update on Vision for Growth 2011

- **Highlights**
  - Massmart University with a full 2009 program.
  - Strengthened executive team.
  - Private Brands growing ahead of total sales growth. New-look Trojan, Camp Master and Garden Master.
  - All retail chains on replenishment. We have dropped stock simultaneously with sales growth declines.
  - Game Cape RDC successful. Committed to new Gauteng Game RDC. Final plan now clear.
  - Space-planning trial in Game going national.
  - 3.9 % space growth in first-half (including acquisitions). New site secured for Makro in Gauteng.
  - Completed Cambridge acquisition.
  - Achieved verification of BEE status from level 6 to level 5. Allows 80% of purchases from Massmart to be counted as BEE.
  - Accepted in SRI Index as top performer.

Update on Vision for Growth 2011

- **New stores (excluding acquisitions)**
  - Net 25 stores (32 open, 7 close, 11 relocate):
    - 13 Game (3 G)
    - 1 Makro
    - 1 CBW
    - 7 Builders Warehouse, 2 Builders Express, 1 Trade Depot (1 BW, 1 BE, 1 TD)
  - 147 600m², R3.66bn annualised turnover
  - Trading space growth (excluding acquisitions):
    - 2009 5.1%
    - 2010 6.0%
    - 2011 3.5%

* Opened in the first half FY2009

Targeted ROS (PBT / Sales)

(%)	FY08	Dec FY09	*FY Medium-term Target*
Massdiscounters	7.5%	**8.9%**	*8.0%*
Masswarehouse	7.2%	**7.6%**	*7.0%*
Massbuild	7.6%	**5.8%**	*7.0%-9.0%*
Masscash	3.2%	**3.7%**	*3.0%*
IFRS 2 & Net Corporate Interest	-0.7%	**-0.8%**	*-0.5%*
Group	5.6%	**5.6%**	**6.2%*

* Proforma using Dec 2008 full year sales mix

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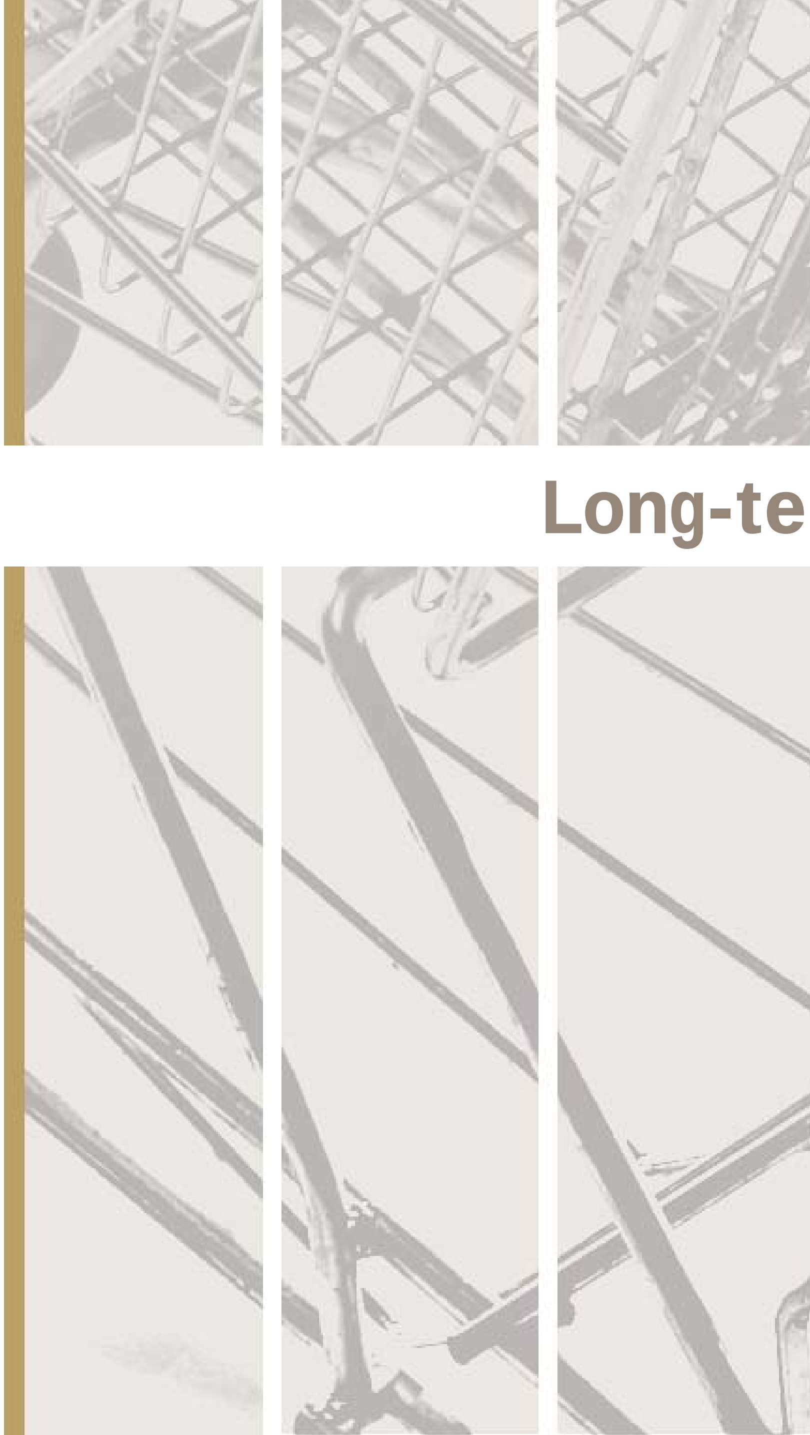
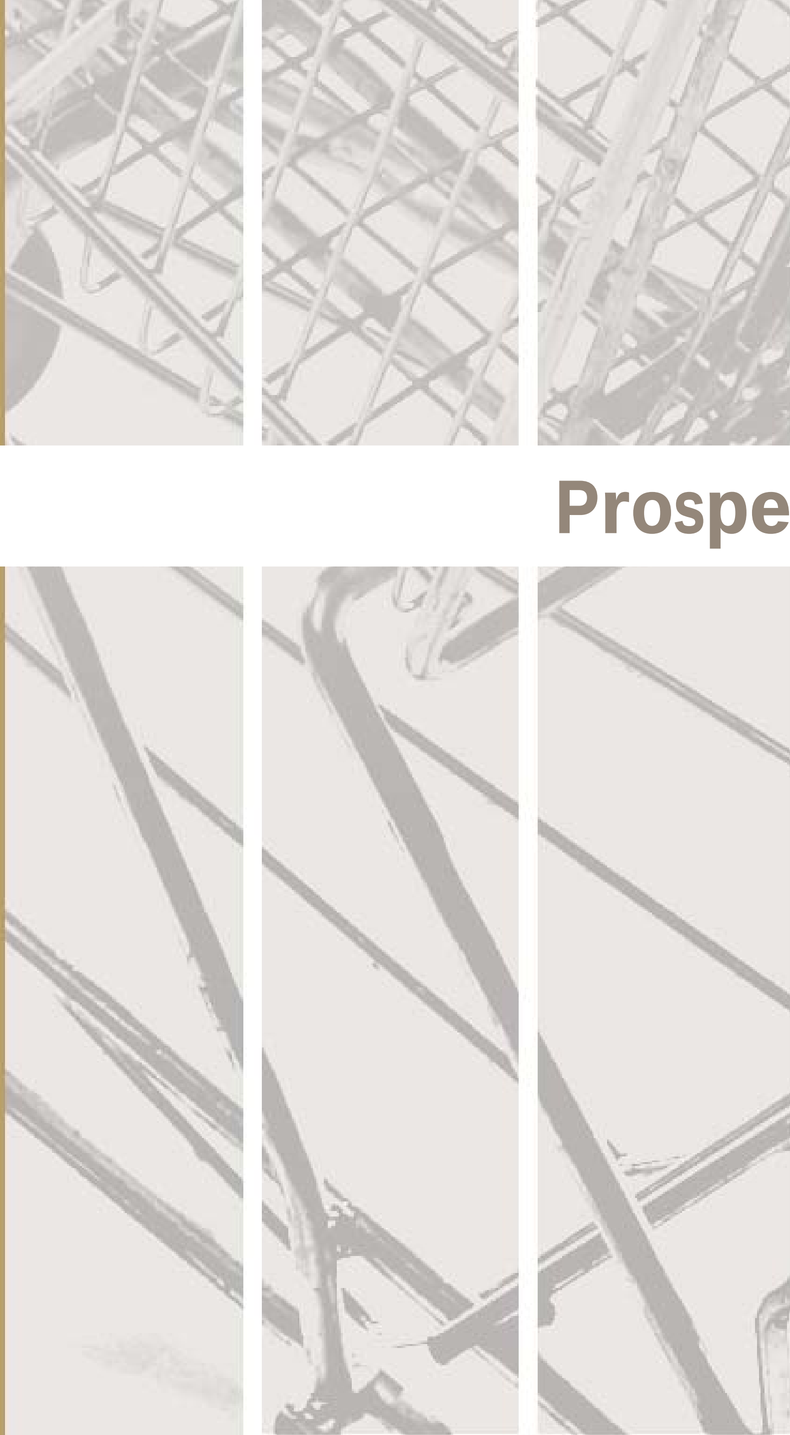


Long-term Growth

Long-Term Growth

- **Massdiscounters**
  - Significant competitive operating improvements post RDC and space planning.
  - Africa has the potential to be 50% of the size of the South African business.
  - Dion Wired has the potential to be a fully fledged 20-30 store national chain.
- **Masswarehouse**
  - Can see the potential of a further 4 stores in South Africa.
  - Potential for at least 4 African stores - lots of work to do.
  - Potential for additional Warehouse stores focused on other categories.
- **Massbuild**
  - Several years of store growth in all formats.
  - Many operating improvement opportunities visible.
  - Significant market share gain potential as competitors exit.
  - Africa potential in all formats.
- **Masscash**
  - Retail Cash and Carry could be as big as Cash and Carry.
  - Cash and Carry to migrate to franchising model – Banner Plus.
  - Africa potential for Retail Cash and Carry – South Africa first.



Prospects & Risks

Massmart’s 2009 Prospects

- **Global Economic Crisis dominant**
  - Unprecedented levels of uncertainty.
  - No reliable signals of a bottom.
  - Most views are pointing to a later rather than sooner recovery.
  - Effects will continue to flow into South African and African economics.
- **Sales have slowed slightly since half year**
  - Comparable growth for the 34 weeks at 11.3% from 11.9% after 26 weeks.
  - Food inflation peaked or even dropping. Liquor strong. General Merchandise holding and Home Improvement weaker.
  - Petrol price lower than last year but declines seem over.
  - Rolling black-outs and BATSA effect.
  - Africa currency effect.
- **Will get worse before it gets better**
  - Interest rates will drop quickly to June.
  - Massmart Q3 and Q4 tougher than Q1 and Q2.
  - Perhaps base effect and lower interest rate will see improvement in Q1 and Q2 FY 2010.
  - Africa will start to feel the effects of the Global Economic Crisis.

Massmart's 2009 Prospects

- **Massmart Operating Assumptions**
  - We will continue to respond to the most recent trends and not bet on some forecast of the future.
  - Food inflation will decline from March 2009 but remain relatively high through to December 2009.
  - General Merchandise inflation will increase although, until interest rate effects kick in, consumer will look for lower price points.
  - Home Improvement will remain under pressure until we see the bottom in home-loan stress.
  - Cash remains a premium and we will be very tight in Working Capital and Maintenance Capital.
  - We will continue to invest for growth where the returns are clear.
- **Opportunities lie in taking market share where competitors are weak.**
- **Management are focused on holding Group operating margins at 2008 level (adjusted for 53rd Week).**

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Risks

- **External**
  - Magnitude of Global Economic Crisis on SA and Africa.
  - Rising Unemployment
  - Sufficient funding being made available to sustain business activity.
  - Food deflation.
  - Property market not recovering in the short term.
  - Uncertainty affecting customer (Economic/Political).
- **Internal**
  - Keeping expense inflation below CPI.
  - Maintaining employee morale.

Conclusion

Conclusion

- Satisfactory Group profit performance, showing a slightly more cyclical mix.
- Record cash generation performance from tight working capital management leveraging investment in Supply Chain.
- Growth plan still in place, but will be managed with a close eye on cash.
- Performance to FY2009 focussed on holding margins as sales slow.
- FY2010 performance reliant on no further Economic shocks and lower interest rates driving volumes

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Dedicated to Shareholder Value

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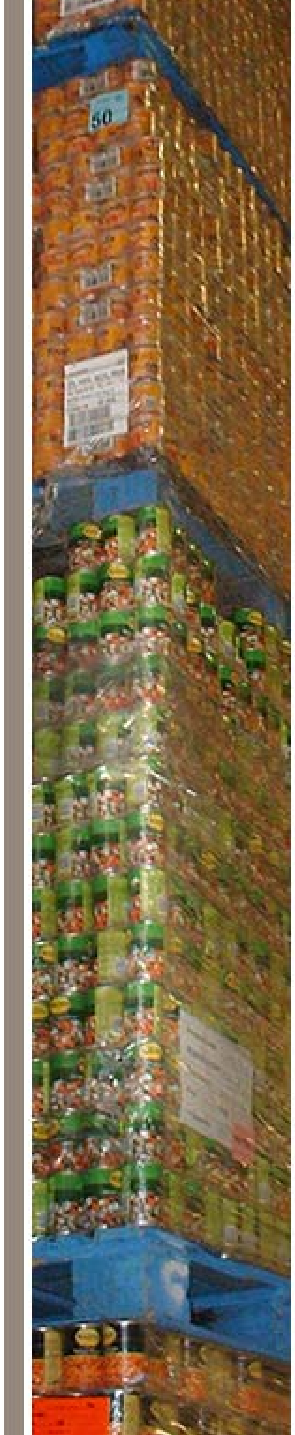
Additional Financial Data



Headline Tax Rate Reconciliation

%	Dec 2008	Dec 2007
Standard tax rate	28.0	29.0
Disallowed expenses	2.3	2.0
Exempt income	(1.2)	(1.0)
Foreign income	1.3	0.8
Prior year	-	0.1
STC	2.2	2.3
Other	(2.9)	(1.6)
Group tax rate	**29.7**	**31.6**

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Analysis of Tax Charge

Rm's	Dec 2008	Dec 2007
SA tax	289.6	286.8
STC	32.4	23.5
Deferred tax	2.6	20.5
Foreign tax	40.6	18.0
Foreign deferred tax	13.0	10.5
Income Statement Charge	**378.2**	**359.3**

Capital Expenditure

Rm's	Dec 2008	Dec 2007
Land & buildings	9.9	4.8
Leasehold improvements	39.5	45.8
PPE	195.3	227.2
Computers	70.6	47.7
Motor vehicles	15.9	13.2
Sub-total	331.2	338.7
Goodwill & trademarks	11.0	14.5
Total	**342.2**	**353.2**

2009 Budget Capex R627m

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Headline Earnings Reconciliation

Rm	Dec 2008	Dec 2007
Attributable earnings	868.3	762.9
Loss on fixed asset disposals	0.6	0.2
Profit & sale of assets classified as held for sale	(7.0)	-
Tax effects on adjustments	0.7	(0.1)
Headline earnings	**862.6**	**763.0**

Number of Shares

	(000's)
At June 2008	201 195
Shares issued	82
At December 2008	201 277
Weighted-average for period	199 390
Fully-diluted weighted average	205 348

The weighted-average number of shares is lower due to the effect of the share buyback.

IAS 33 requires the fully-diluted weighted-average shares calculation to be based on the extent to which the BEE shares are in-the-money. This must take into account the strike price, the associated IFRS 2 charge and average annual share price.

This calculation produces the additional 6.3m shares that are included to get the fully-diluted weighted-average no. of shares.

Total BEE shares issued were 20m.

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Targets

Group Annual ROS	> 5.5%
Int-bearing Debt : Equity	< 30%
Return on Capital Employed	> 45%
Return on Equity	> 35%

(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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