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Dedicated to Value

Reviewed Annual Results

for the 52 weeks to 29 June 2003

Presentation to Investors, Analysts and Press – August 2003

Agenda

- Financial & Operating Highlights
- Strategy
- Environment
- Operating performance
- Financial Performance
- Prospects

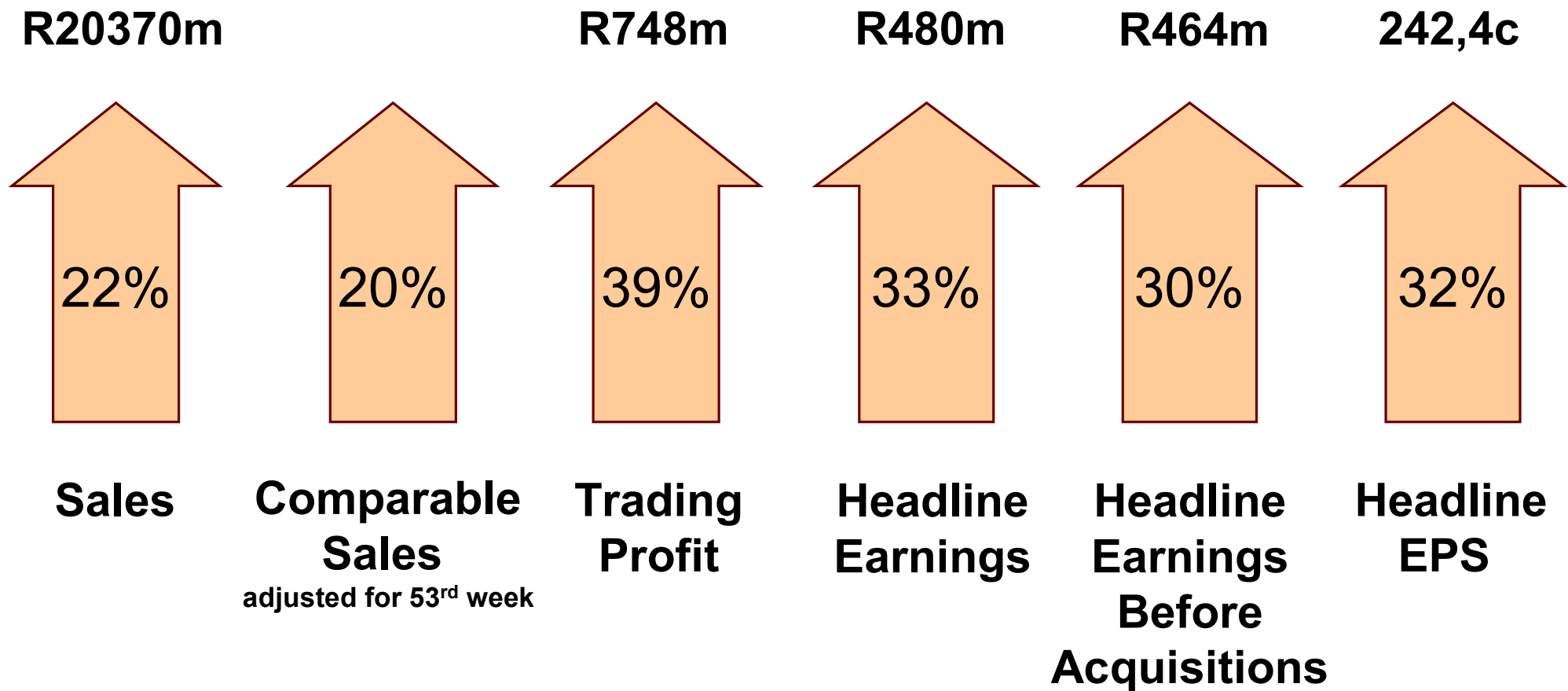
ADDENDA – Additional financial data

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Financial & Operating Highlights

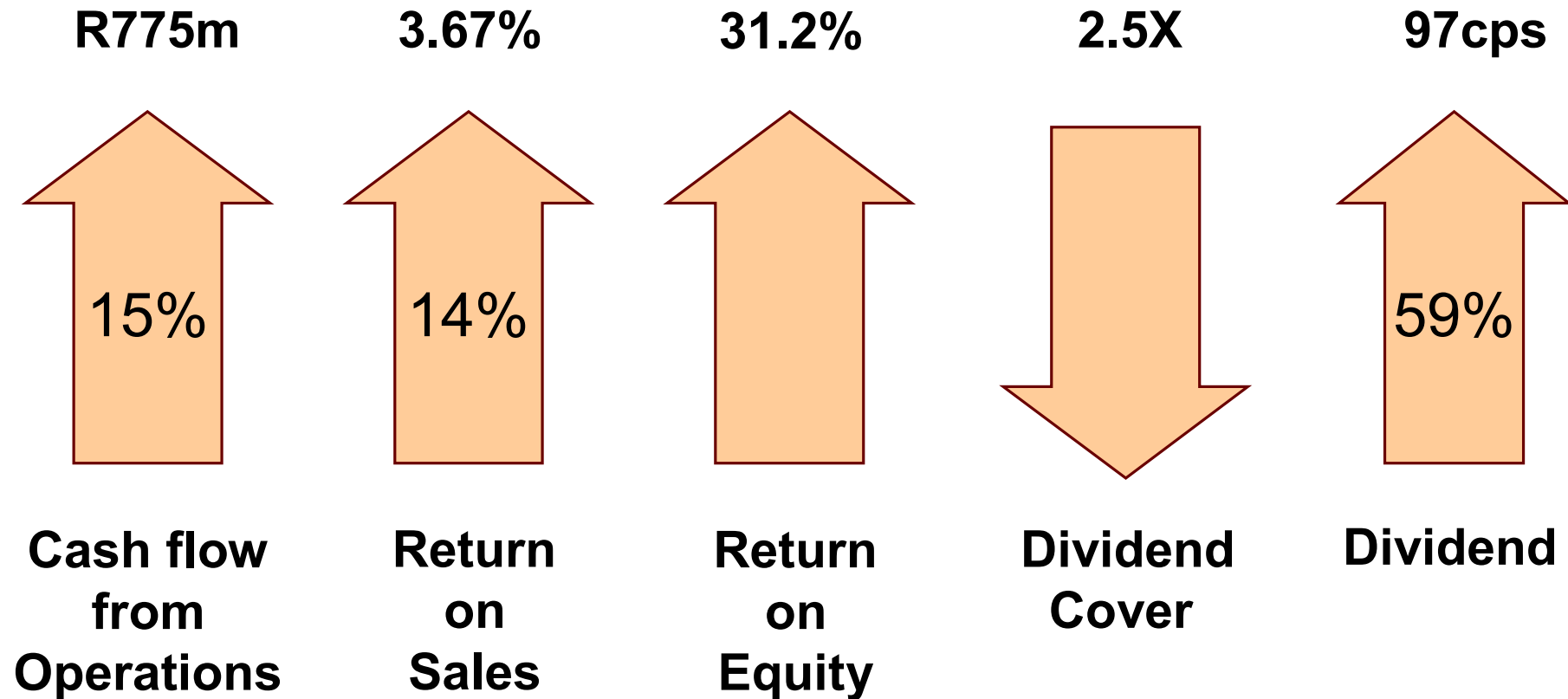
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Financial highlights



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Financial highlights



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Operating Highlights

- Sixth consecutive year of sales & profit growth
- Sales exceeded R20b for the first time, almost doubling since listing 3 years ago
- Comparable store and member sales up 17.6% (19.5% adjusted for the 53rd week)
- Record sales and trading profits from all divisions
- Expense control: Record group pre-interest operating profit: 3.67% of sales
- A substantial improvement in working capital management in the second half

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Operating Highlights (cont.)

- Robust second half margins despite:
 - aggressive promotion
 - markdowns
 - stock clearance activity
- A 13% improvement in ROE to 31.2%
- The integration of Furnex, Builders Warehouse and Tile Warehouse
- Strengthening of the Board: appointment of non-executive chairman & 3 non-executive directors
- 7th in Deloitte & Touche Survey “Best Company to Work For”

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Strategy

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Strategic progress

- Drive growth, productivity and cash profitability from existing business
 - Strong organic growth
 - > 44 stores by 2007 (2003 average store sales R125m)
- Acquire within strategic criteria to enhance market position in Africa
 - Constantly evaluating
- Investigate expansion beyond Africa
 - Investigation concluded
 - Decision not to actively pursue
 - Methodology developed for evaluation of opportunities

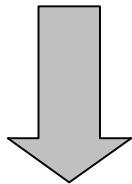
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Environment

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Environment 3rd Quarter 2002

- High imported & local inflation
- High unit growth with high consumer confidence
- Direct and indirect exports strong
- Stock shortages
- Gross margins high
- High foreign stores sales growths (Volume & R's)



July

October

January

April

Sales 36%			
PPI 15.3%			
Currency R10.44/\$			

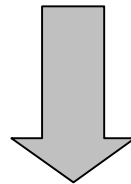
2002

2003

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Environment 4th Quarter 2002

- High inflation
- Lower unit growth with declining consumer confidence
- Gross margins high
- Stock level rising
- Direct and indirect exports strong
- Slowing foreign store volumes, lower sales growths in R's



July

October

January

April

Sales 36%	Sales 28%		
PPI 15.3%	PPI 13.6%		
Currency R10.44/\$	Currency R9.30/\$		

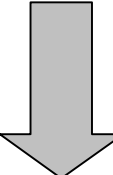
2002

2003

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Environment 1st Quarter 2003

- Inflation declining
- Unit growth slowing - consumers exploit promotional/clearance activity
- Gross margins declining
- High stock levels
- Exports falling
- Low foreign store sales growths (Volume & R's)



July	October	January	April
Sales 36%	Sales 28%	Sales 17%	
PPI 15.3%	PPI 13.6%	PPI 6.4%	
Currency R10.44/\$	Currency R9.30/\$	Currency R8.16/\$	

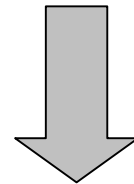
2002

2003

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Environment 2nd Quarter 2003

- Very low inflation (Deflation in some categories)
- Low stabilising unit growth
- Prices stabilising although margin low through stock clearances
- Stock levels declining
- Sourcing of substitution imports
- Currency stabilising although foreign Rands sales growth still negative



July	October	January	April
Sales 36%	Sales 28%	Sales 17%	Sales 10%
PPI 15.3%	PPI 13.6%	PPI 6.4%	PPI 6.4%
Currency R10.44/\$	Currency R9.30/\$	Currency R8.16/\$	Currency R7.59/\$

2002

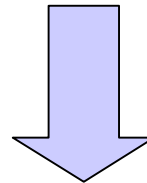
2003

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Environment

The Result

The management of prices, promotions, margins, inventories and expenses assumed unprecedented levels of complexity



Our Response

Exceptional management information, thorough analysis and rapid action

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Operating Performance

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Massdiscounters



- GM discounter: 55 Game & 11 Dion stores
 - Sales 17.9% (comp. 17.3%) up to R6.2b
 - PBT ROS of 3.6% (LY 3.3 / target 5%)
- Game: Mixed Bag
 - Very strong performance from Game RSA
 - Translation losses undermined volume growth in foreign stores
 - Foreign exchange loss of R31m vs. R3m profit in 2002.
 - Overstocking of late 2002 largely rectified
- Dion: Steady Progress
- Divisional growth
 - 2004 FY: Game Pietermaritzburg (Relocation), Kampala
 - 2005 FY: Maputo

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- Warehouse outlets: 12 Makro, 6 Builders & 5 Tile Warehouse
 - Sales 27.9% (comp. 14%) up to R5.7b
 - PBT ROS of 3.0% (LY 2.9% / target 4%)
- Makro: Superb Second Half
 - Solid performance Strubens (first new store in 6 yrs)
 - Closure of only freestanding Makro office
 - Record PBIT %
- Builders & Tile Warehouse: Growing Category
 - Acquired 1 March for R174m
 - Contributed R191m sales & R17.1m PBT
- Divisional growth
 - 2004 2 BW & 2 TW

Masscash



- C & C wholesaler – 46 CBW & 6 Jumbo outlets
 - Sales 21.4% (comp. 19%) up to R5.7b
 - PBT ROS of 4.1% (LY 3.9% / new target 4%)
- CBW: Excellent Year
 - Profit growth > double sales growth
 - Browns & Weirs fully integrated
 - 2 New stores
- Jumbo: Challenging Trading
 - Profits declined as gross margins sacrificed to retain market share in flagship store
- Divisional growth
 - 2004 8 CBW's & 1 Jumbo. Jumbo Isipingo closed, Durban relocated

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Masstrade



- Voluntary buying associations: Shield: 494 (2002: 400) ind. food retailers & wholesalers, Furnex: 674 (2002: 392) ind.furniture & appliance retailers
 - Sales 20.7% (comp. 24.4%) up to R2.7b
 - PBT ROS of 2.9% (LY 2.5% / target 3%)
- Shield: Transformed
 - Decision to cease trading with major customer
 - Systems, process and organisation changes
 - Widening of member base reducing dependence on few large customers
- Furnex: Integrated & Growing
- Growth
 - New members, new products

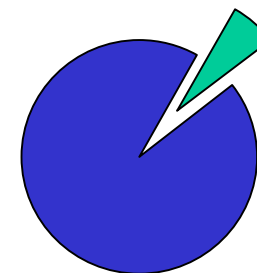
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Financial Review

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Sales

SA
Sales
93%



Non-SA
Sales
7%

(Rm's)	<u>2003</u>	<u>2002</u>	<u>% Chg</u>	<u>Comp. % Chg</u>
Massdiscounters	6 229	5 285	17.9	17.3
Masswarehouse	5 704	4 460	27.9	13.9
Masscash	5 740	4 730	21.4	19.0
Masstrade	2 696	2 234	20.7	24.4
Total	20 369	16 709	21.9	17.6

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Sales Growth Analysis

	<u>%</u>
Existing stores (<i>comparable</i> growth)	17.6
New stores	1.1
Acquisitions (Builders & Furnex)	3.2
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Total sales growth	<u>21.9</u>

Adjusting for the 53rd week in prior year, total sales growth this year is 23.8%

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Store Portfolio

	<u>Makro</u>	<u>MDD</u>	<u>Jumbo</u>	<u>CBW</u>	<u>Builders</u>	<u>Total</u>
July '02	*12	65	6	44	-	127
Acquisition	-	-	-	-	+11	+11
Openings	+1	+1	-	+2	-	+4
Closures	-1	-	-	-	-	-1
June '03	*12	66	6	46	11	141
<i>Next Year</i>	-	+1	+1 / -1	+8	+4	+12

*Excludes two Makro Zimbabwe stores

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Inflation

- *Inflation calculated on prices of actual purchases in the current period vs. prior period*
- Massmart inflation for the year to June '03:
 - General Merchandise: 8,7%
 - Food: 9,2% - 14,3%
 - Liquor: 7,7%
- Inflation in all three categories rapidly trending lower
- Deflation in Massdiscounters in the quarter to June '03

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1st vs. 2nd Half Sales

- Sales growth 6 months to December '02:
 - Total 32%
 - Comparable 26%
- Sales growth 6 months to June '03:
 - Total 17%
 - Comparable 12%
- *Have adjusted for 27th week in 6 month period to June '02*

Impact of AC 133

Accounting for Financial Instruments

- Restated opening retained income-R 6.1m
- Open FECs marked-to-market:
 - Net impact -R 0.7m
 - *This is a timing difference*
- FECs previously reported as contingent liabilities, now accounted & reported as normal liabilities

Massdiscounters Stock

- December '02 overstocking R300m
- June '03 income statement impact:
 - Additional interest paid -R20m
 - Lower gross margins
 - Mark-downs -R10m
- Most of the overstock has been sold
- At June '03 remaining stock fully provided i.t.o. policy

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Currency impact on Game Africa

- Six Stores: Namibia (2), Botswana (2), Zambia & Mauritius
- Rand total sales growth 7%
- Rand strengthened against all three currencies
- Total Massdiscounters forex losses R31m (prior year R3m gain)

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Impact of Builders Warehouse

- Effective date: 1 March '03
- Sales for 4 months to June '03 R191m
- PBT for same period R17m
- Associated interest charge -R6m
- Net PBT contribution R11m
- HEPS impact +3,9 cents
- Total purchase price R174m
Includes goodwill *R148m*

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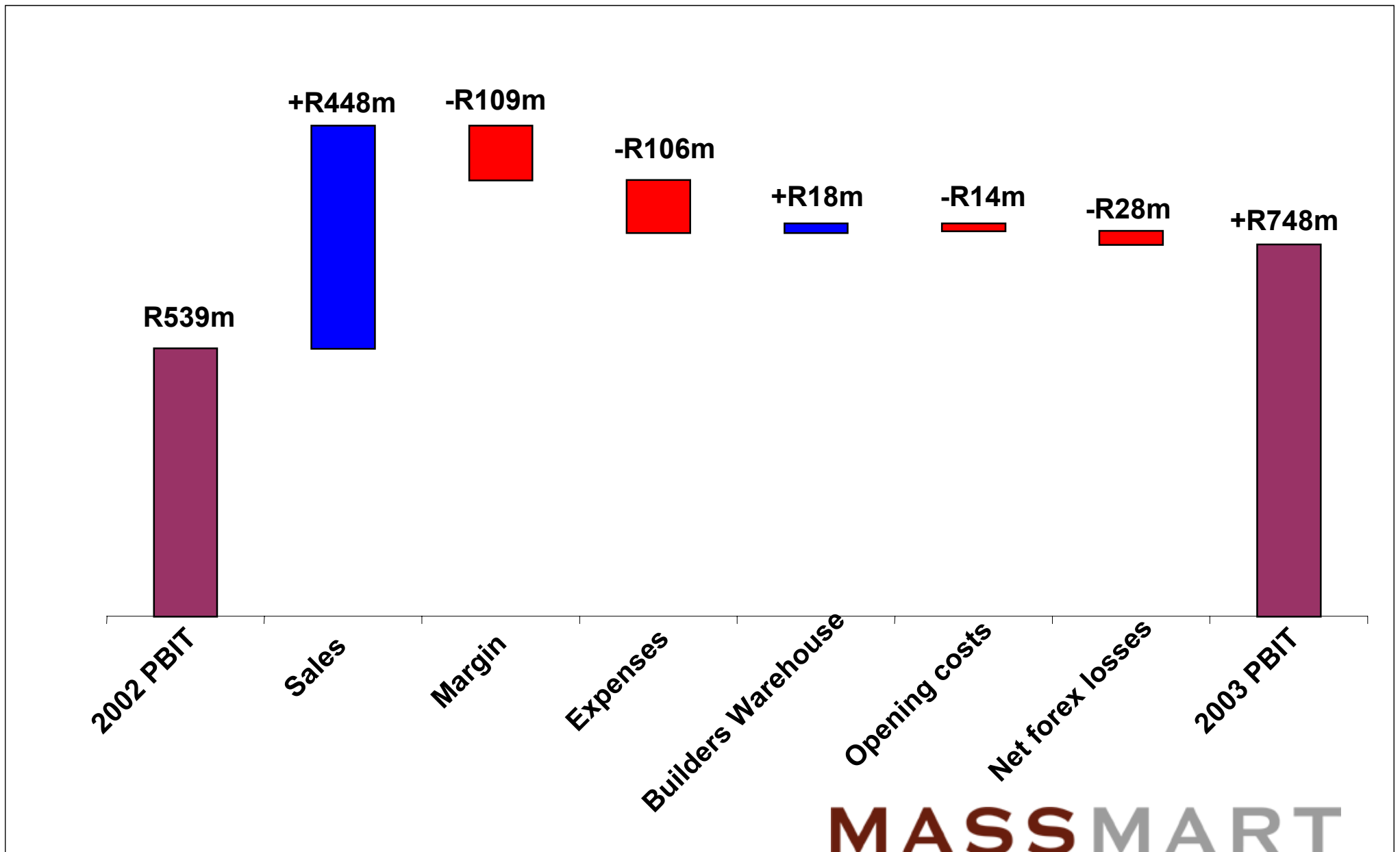
Divisional PBIT

(Rm's)	<u>Year to June</u>		
	<u>2003</u>	<u>2002</u>	<u>%</u>
Massdiscounters	297.4	209.4	42.0
Masswarehouse	160.1	109.8	45.8
Masscash	208.8	167.2	24.9
Masstrade	81.4	52.4	55.3
Total	<u>747.7</u>	<u>538.8</u>	38.8

PBIT = Profit before Interest & Tax

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PBIT analysis



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Interest Paid

(Rm's)	<u>Year to June</u>	
	<u>2003</u>	<u>2002</u>
Massdiscounters	(70.4)	(31.4)
Other Chains	34.6	42.4
Corporate	(14.6)	(25.1)
Total interest	<u>(50.4)</u>	<u>(14.1)</u>

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Divisional PBT

(Rm's)	<u>Year to June</u>		
	<u>2003</u>	<u>2002</u>	<u>%</u>
Massdiscounters	227.0	178.0	27.5
Masswarehouse	173.1	130.0	33.2
Masscash	234.0	185.6	26.1
Masstrade	77.8	56.2	38.4
Total	<u>711.9</u>	<u>549.8</u>	29.5

PBT = Profit before Tax

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Targeted PBT ROS

Years to June (%)	<i>Target</i>	2003	2002	2001	2000
Massdiscounters	5.0	3.64	3.36	2.02	1.99
Masswarehouse	4.0	3.03	2.91	2.52	2.13
Masscash	4.0	4.08	3.92	3.52	2.89
Masstrade	3.0	2.89	2.51	2.73	2.46
Group	*4.17	3.49	3.29	2.48	1.36

* Proforma using actual sales mix and target margins

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Stock & Creditors

	<u>June 2003</u>		<u>June 2002</u>	
	<u>Rms</u>	<u>Days</u>	<u>Rms</u>	<u>Days</u>
Net Stock (1)	2 237	53	1 982	60
Trade Creditors (1)	3 049	54	2 671	59
Provisions & Accruals	686	-	441	-

1. Days calculated using historic sales and cost of sales.

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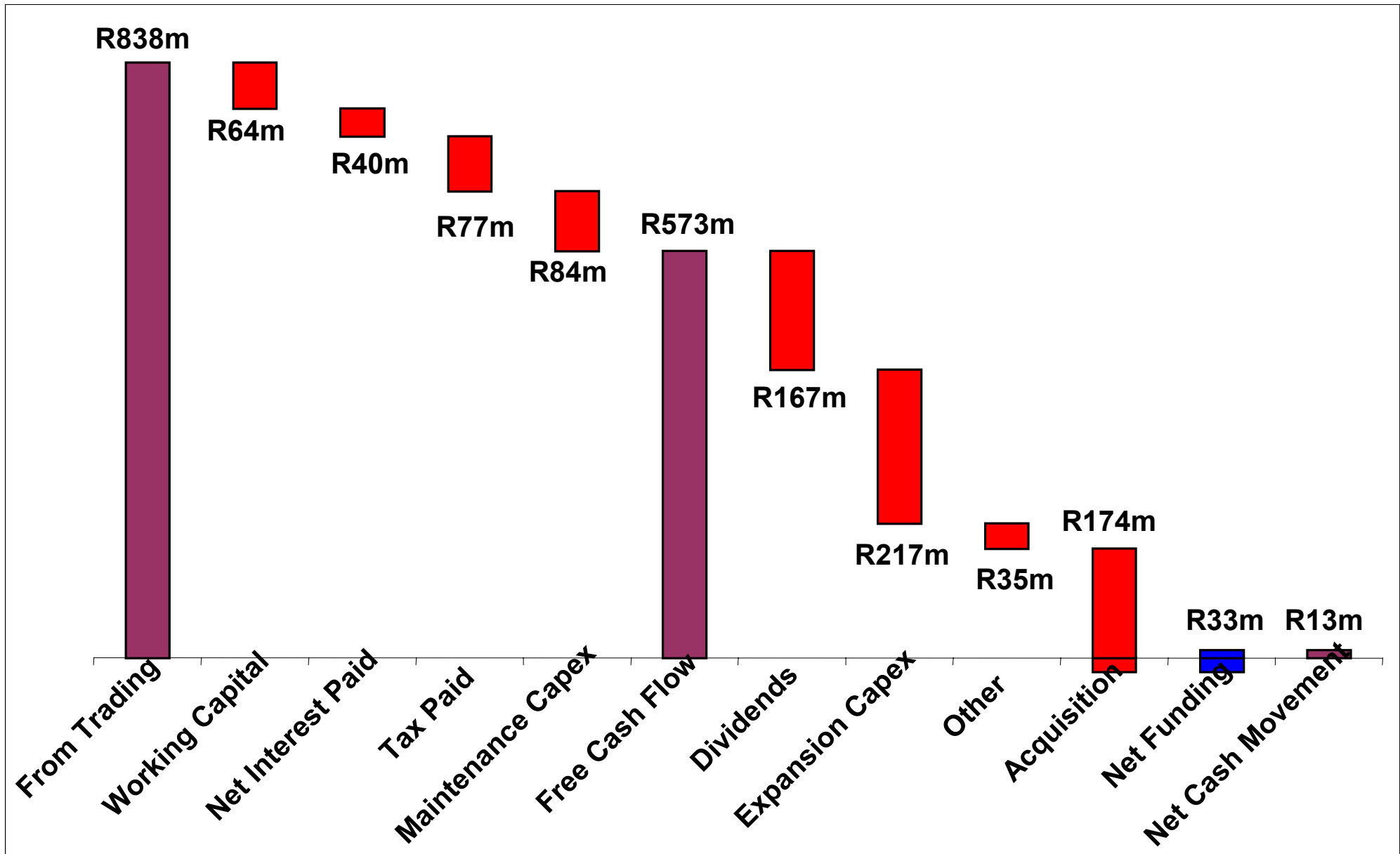
Debtors

	<u>June 2003</u>		<u>June 2002</u>	
	<u>Rms</u>	<u>Days</u>	<u>Rms</u>	<u>Days</u>
Trade Debtors (1)	706	16	551	15
Retail Debtors (2)	200	206	181	185

1. Includes Furnex, Shield, Makro, Jumbo, Builders Warehouse & CBW. Days calculated using historic sales and cost of sales.
2. Massdiscounters HP & Revolving Credit.

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Cash flow Analysis



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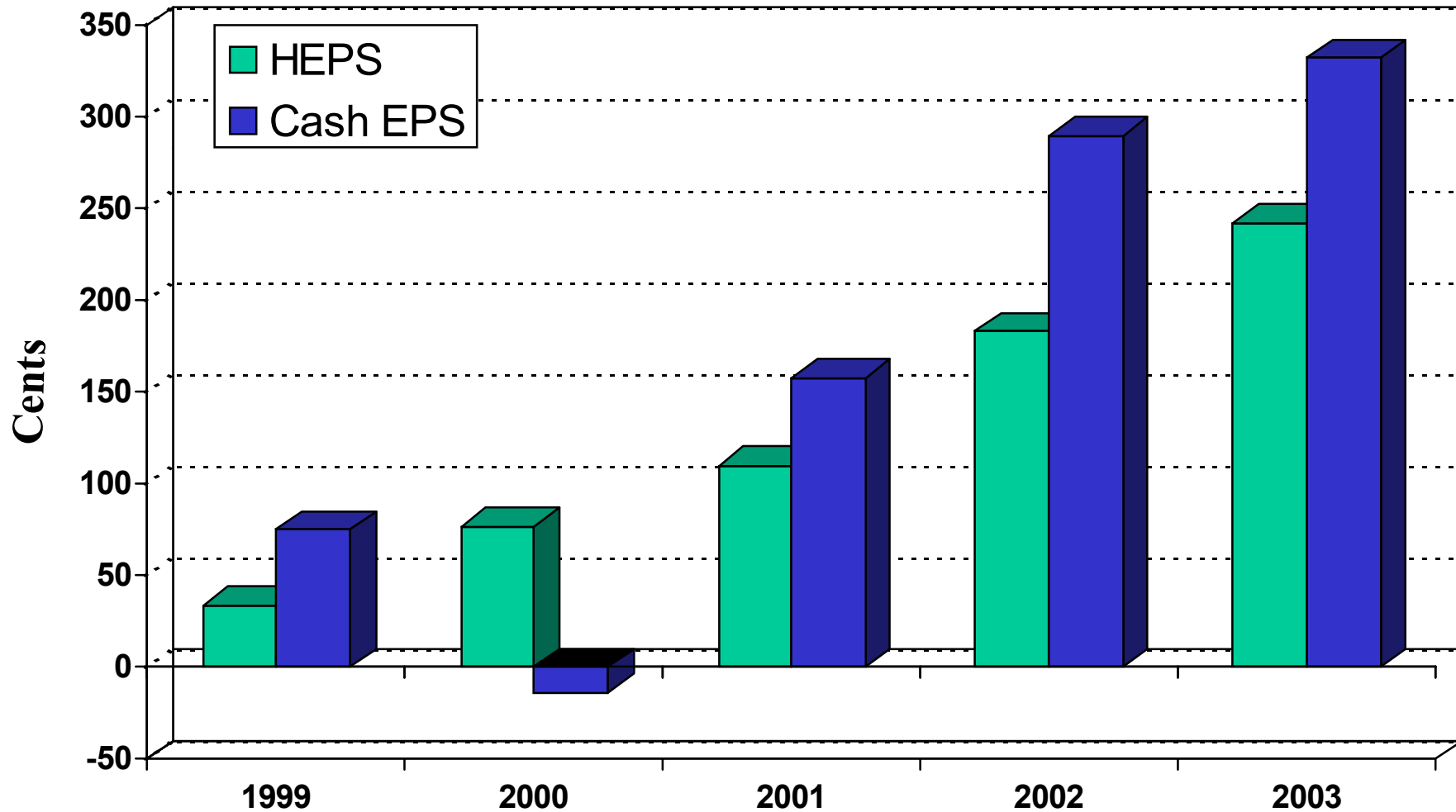
Capital Expenditure

(Rm's)	<u>June '03</u>	<u>June '02</u>
Land & buildings	105	12
Leasehold improvements	19	7
PPE	107	61
Computers	42	33
Motor vehicles	10	9
Goodwill	23	24
Total	<u>306</u>	<u>146</u>

Excluding Builders Warehouse acquisition

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Cash Earnings

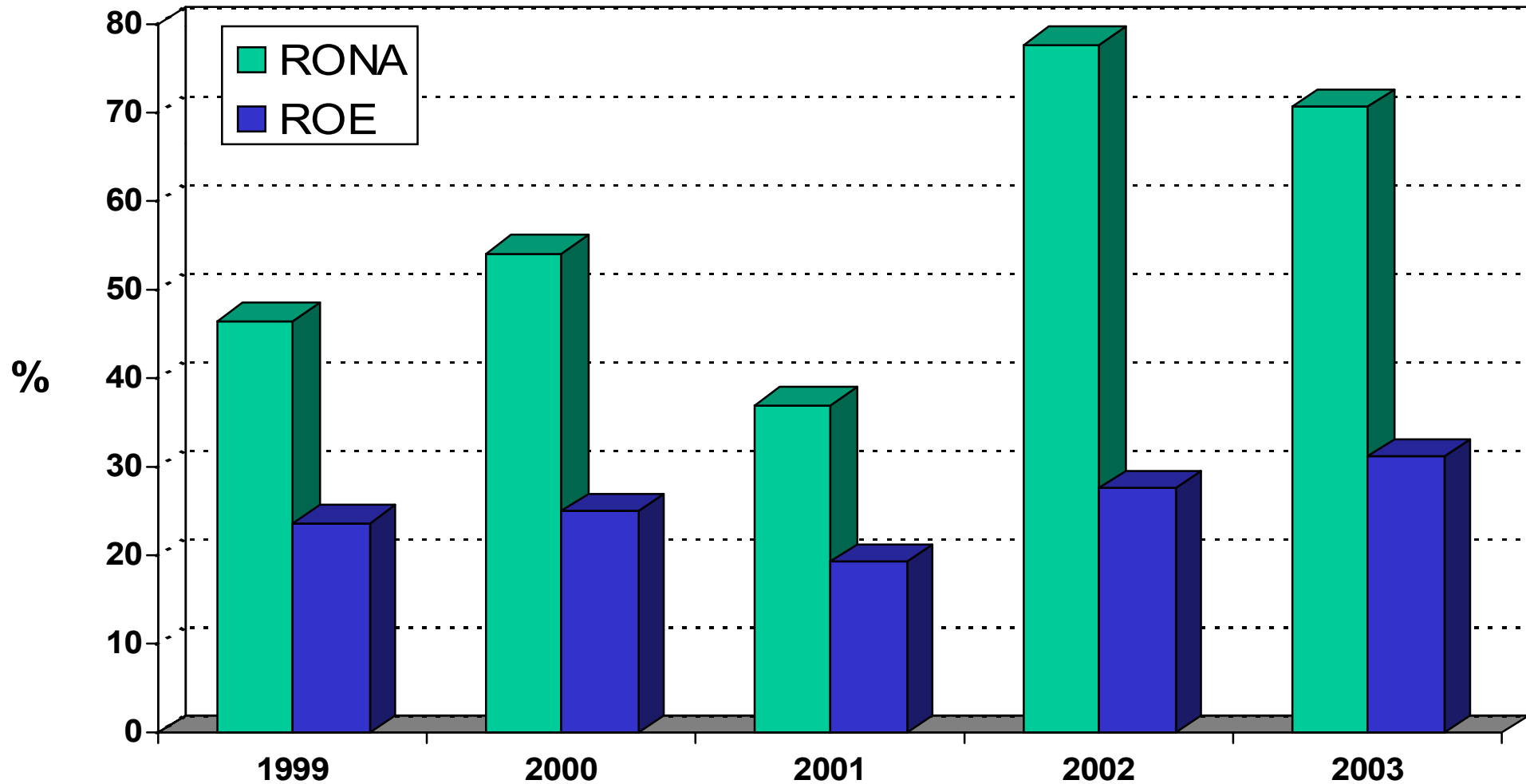


HEPS – Headline Earnings per Share (cents)

Cash EPS – Cash from Operating Activities, before dividends paid

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Returns



RONA - EBITA / Average Net Assets

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

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Governance

- Massmart Board
 - Independent non-executive chairman
 - 14 directors. 3 executive, 3 non-executive & 8 independent non-executive
- Sub-Committees:
 - Audit (non-executive chairman)
 - Remuneration (non-executive chairman)
 - King (non-executive chairman)
 - Risk (non-executive chairman)
- Massmart Executive Committee
- Chain Boards

Prospects

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Environmental outlook

- Reduction in economic volatility
- Steady & sustained improvement in consumer confidence and spending
- More stable Rand, lower inflation and falling interest rates
- Platform for more confident planning

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Massmart's Prospects

- First Half
 - Very high sales and profit base, therefore...
 - Budgetted very low sales & earnings growth for the 1st quarter rising in second quarter on lower interest rates
 - Divisions will trade aggressively within tight expense and working capital budgets
 - Benefits from new stores and acquisition of Builders & Tile Warehouse
- Second Half
 - Stronger real growth as confidence improves & inflation levels stabilise
- Strategies, structures and people of Massmart will perpetuate performance at the forefront of the sector

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“Constantly making things better for the customers who shop in our stores is not something we can simply do in some general way. It isn’t something we can command from the executive offices because we want it to happen. We have to do it store by store, department by department, customer by customer, associate by associate”

Sam Walton – Founder Wal-Mart

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Additional Financial Data

Headline Earnings Reconciliation

	<u>Rm's</u>
Attributable earnings	429.3
Goodwill	48.9
Profit on fixed asset disposals	(0.5)
Exceptional items	2.3
	<hr/>
Headline earnings	480.0

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Headline Tax Rate Reconciliation

	<u>%</u>
<i>Standard rate</i>	30.0
Exempt income	(2.7)
Disallowables	1.1
Adjustments to prior year	(0.9)
STC	2.5
Foreign tax	(0.5)
Other allowances	1.1
<i>Effective headline tax rate</i>	<u>30.6</u>

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Analysis of Tax Charge

	<u>R'm</u>
Current tax	120.0
Deferred tax	74.4
Foreign tax	20.8
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Income Statement Charge	215.2
	<hr/> <hr/>

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Number of Shares

	(000's)
At 1 July 2002	197 824
Shares issued	763
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At 29 June 2003	198 587
	<hr/> <hr/>
Weighted-average for period	198 050
	<hr/> <hr/>
Fully-diluted weighted average	203 763
	<hr/> <hr/>

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Dividend Policy

Changed during the year:

- Total annual dividend of x2,5 cover
- Interim dividend of x3,0 cover
- Final dividend to bring total annual dividend to x2,5 cover
- Unless circumstances dictate otherwise

Targets

Group Annual ROS > 4,0%

Int-bearing Debt : Equity < 30%

Return on Capital Employed > 35%

Return on Equity > 25%

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

(ROE = Headline Earnings / Average shareholders equity)

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