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Dedicated to Value

Reviewed Results

for the 52 weeks to 26 June 2005

Presentation to Investors, Analysts and Media – August 2005

Agenda

- Financial & Operating Highlights
- Strategy
- Environment
- Operating & Financial Performance
- "Vision for Growth" – 2007 Report Back
- What's changed?
- "Vision for Growth" – 2008
- Risks & Prospects

ADDENDA – Additional data

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Financial & Operating Highlights

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Financial highlights

R26 561m		R1009m	R679m	R642m
12%	7.5%	19%	16%	12%
Sales	Real Comparable Sales	Trading Profit	Headline Earnings	Headline Earnings Before Acquisitions

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Financial highlights

Headline EPS	Cash flow from Trading	Return on Sales	Return on Equity	Dividend
318.8 c	R1151m	3.9%	44.6%	183cps
16%	13%	12%	4.2%	15%

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Operating Highlights

- Estimated average deflation of 2.2%
- Pre and post interest operating profit margins increased to 3.80% and 3.72% respectively
- Organic growth of 44%, increasing proportion of organic growth since 1988 to 31%
- Foreign operations comprise 5.8% of sales
- Store network increased to 219 (867k sq. m.) with the acquisition and opening of 62 stores
- Federated Timbers, De La Rey and Servistar were acquired with effect from 1st June 2005
- Executive management team strengthened through a number of internal & external appointments

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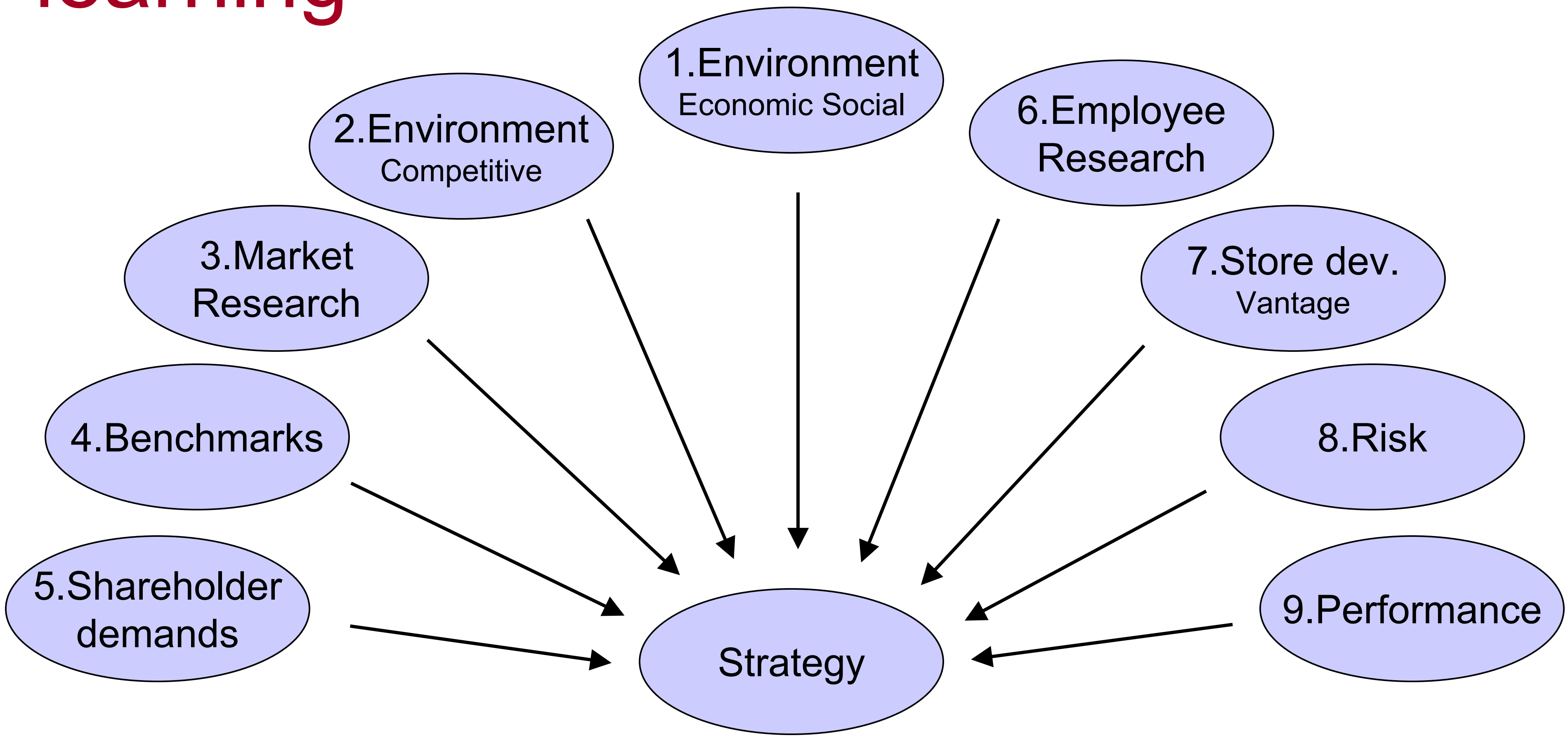
Strategy

Determinants of Massmart's strategic learning



Competitive Growth Strategy

- Unchanged
  - Build portfolio through acquisitive & organic growth, based on category expertise
  - Mitigate portfolio costs through internal collaboration & joint initiatives (not centralised)
  - Incentivise for alignment

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- Continued progress in past year

Strategic progress

Strategic Objectives	**Progress as at June 2005**
Continued real sales growth from existing outlets	7.5%
Expansion into new categories & formats	• New & extended categories in home improvement • Small Game stores
New outlets	• 9 new stores • Estimated annualised sales R0.7b
Selected acquisitions that conform to Massmart's strategic & financial criteria	• Feds, De La Rey, Servistar estimated first year sales R2.0b

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Competitive Growth Strategy

- Unchanged
  - Build portfolio through acquisitive & organic growth, based on category expertise
  - Mitigate portfolio costs through internal collaboration & joint initiatives (not centralised)
  - Incentivise for alignment
- Continued progress in past year
- "Vision for Growth – 2008"
  - Investment in organic growth
  - Margin enhancement through productivity & efficiency
  - Substantial value creation

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Environment

Environment

- Two markets
- LSM 5 – 10+
  - Affected by inflation, interest & exchange rates
  - Highest confidence in 16 years
  - 59% of Massmart sales (mainly retail) & 76% profits
- LSM 1 – 4
  - Cautious, unemployed
  - Supply chain challenged by low/negative inflation
  - 41% of Massmart sales (wholesale) & 24% profits
- Gradual declining trend in retail sales growth (Stats SA)

Operating & Financial Performance

Reviewed Results to June 2005

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Inflation

- Massmart inflation for the year to June 2005:
  - General Merchandise: -4.9%
  - Food & Liquor: +0.2%
  - Total: -2.2%
- Massdiscounters in deflation for entire year (again)
- Deflation in commodities (-10% in 27% of CBW sales)
- Outlook for overall Group inflation remains benign, probably below +3.0% (this view is Rand & oil dependant)
- *Calculated on prices of actual purchases in the current year vs. prior year*

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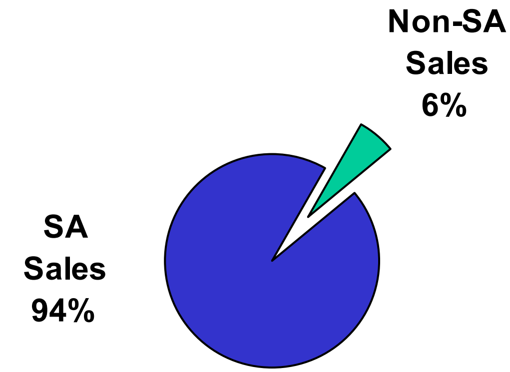
Sales



(Rm's)	2005	2004	% Chg	Comp. % Chg
Massdiscounters	7 396	6 783	*9.0*	*3.6*
Masswarehouse	8 576	7 067	*21.4*	*14.6*
Masscash	10 589	9 938	*6.6*	*-0.5*
Total	25 561	23 788	*11.7*	*5.3*

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Store Portfolio

	MDD	Makro	Builders	Bldg. Acqns	CBW	Jumbo	Total
July '04	67	*12	15	-	57	6	157
Acquired	-	-	2	50	-	1	53
Openings	5	-	3	-	1	-	9
June '05	72	12	20	50	58	7	219

* Excludes two Makro Zimbabwe stores

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Sales Growth Analysis

	%
Existing stores (*comparable* growth)	5.3
New stores	2.2
Acquisitions	4.2
Total sales growth	11.7

Acquisitions: Trident, Feds, De La Reys, Servistar, CellShack

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Gross Profit

	2005	2004
	R3 649m	R3 140m
% of Sales	*13.7%*	*13.2%*

- Higher proportion of GM sales 47.4% (2004: 45.0%)
- Higher GPs in Massdiscounters & Masswarehouse
- Lower GP in Masscash

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Operating Costs

	2005	2004
	R2 639m	R2 289m
% of Sales	*9.9%*	*9.6%*

- Total increase 15.3%
- Higher depreciation, people & property costs
- Makro pre-opening, insurance & restraint costs R27m
- New stores: full costs before optimal sales levels
- Acquisitions 1.4%

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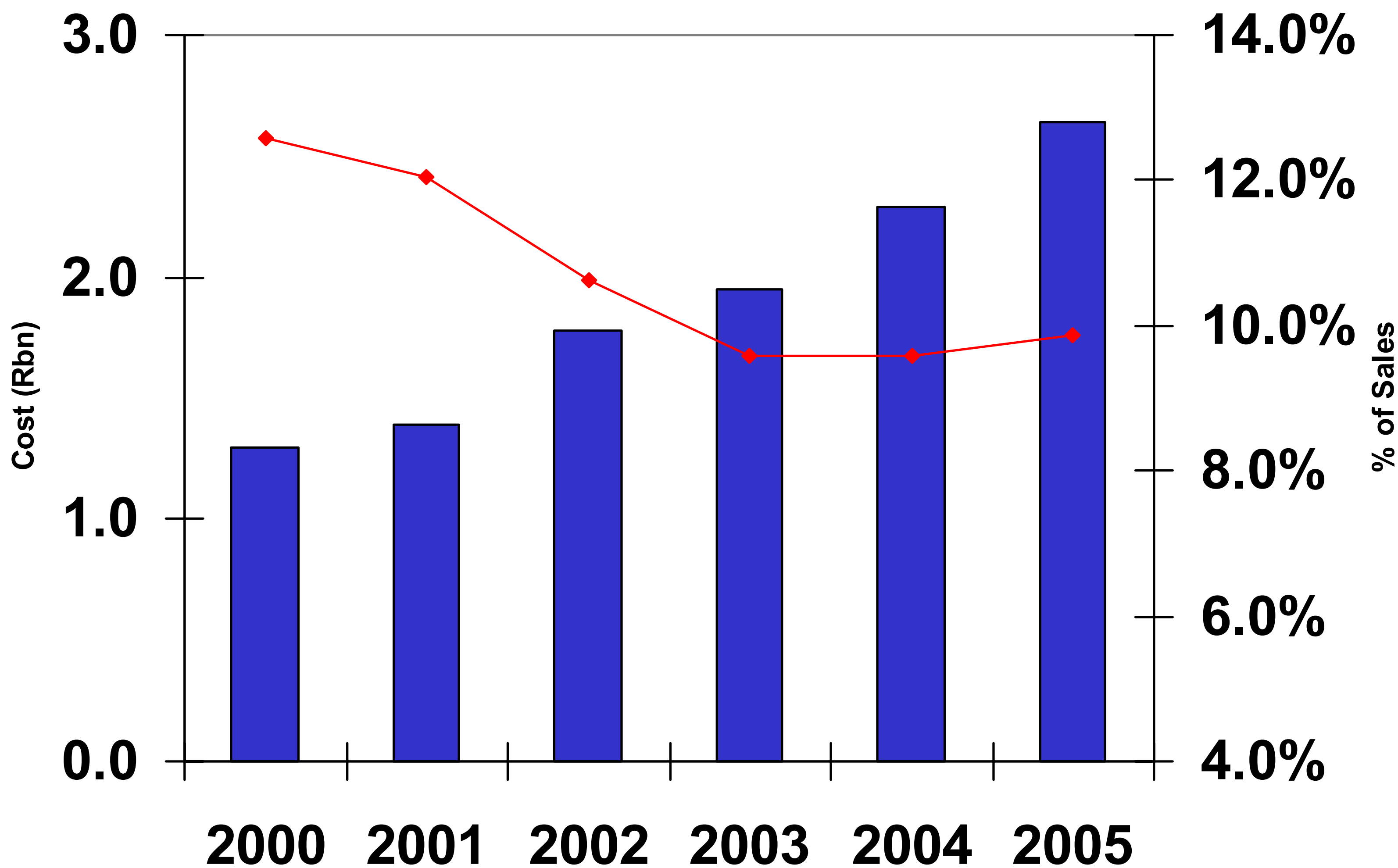
Costs



Excluding goodwill amortisation. Only 2004 & 2005 include the lease-smoothing adjustment

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Employment Costs

	2005	2004
	R1 649m	R1 417m
% of Sales	*6.2%*	*6.0%*

- Total increase 16.4%
- Average annual salaries & wages increase 7%-8%
- Additional resources in Builders Warehouse
- 10% more employees (excl. acquisitions)
- Acquisitions add 1%

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Occupancy Costs

	2005	2004
	R644m	R564m
% of Sales	*2.4%*	*2.4%*

- Total increase 14.3%
- Average annual escalation 8%
- Acquisitions add 1%
- New stores in 2004 & 2005 4%

Operating Leases

- Re-interpretation of AC 105: *"Lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the users' benefit."*
- Non-cash adjustment
- Newer average lease profile means a net negative adjustment, and *vice versa*
- Total Massmart pre-tax lease adjustment R67.8m (2004: R72.7m)
- Prior year adjustment R369m

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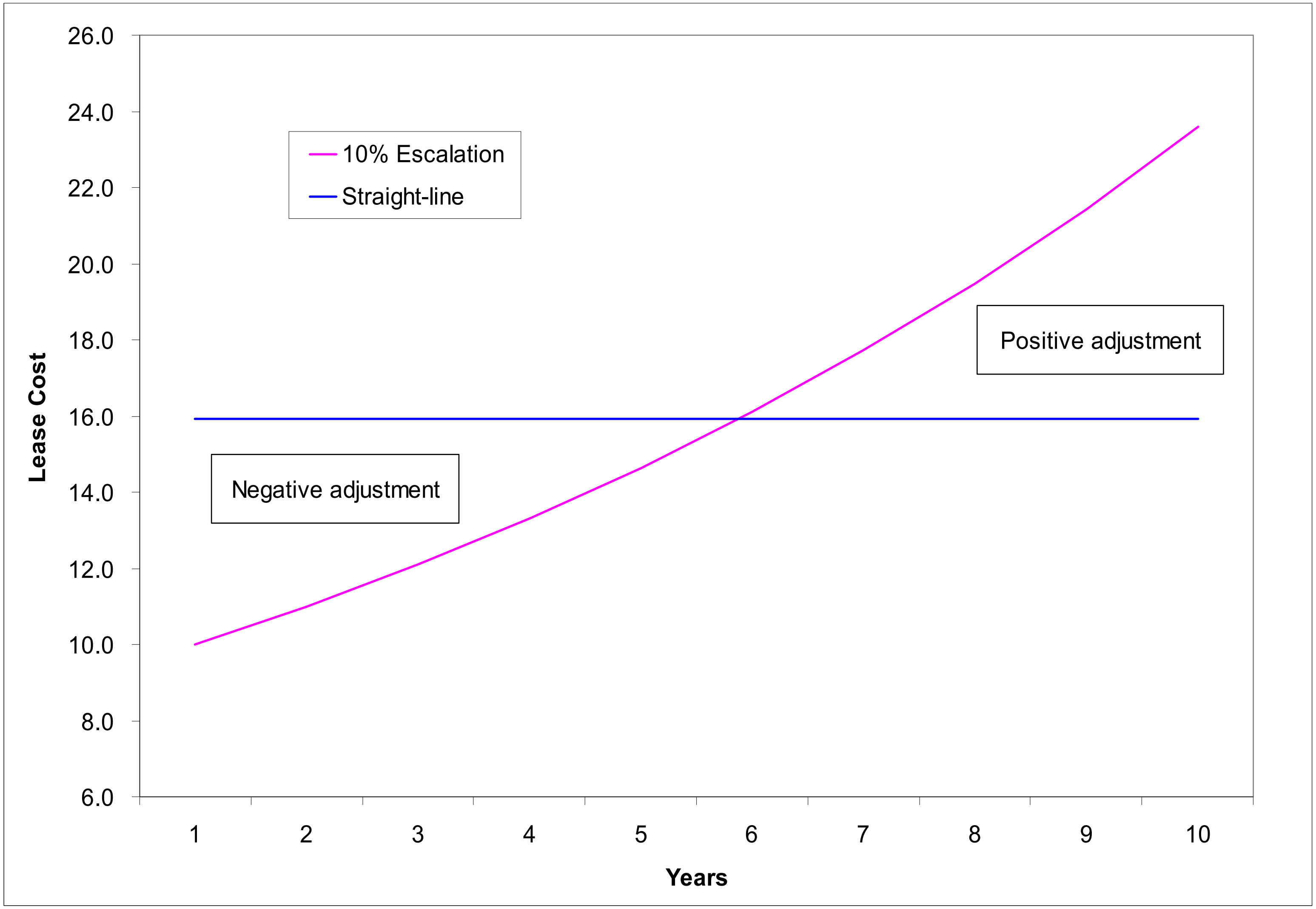
Operating leases



Operating Leases - Impact

- Will reduce earnings of businesses investing in long-term leases, particularly Makro & Builders Warehouse
- Masswarehouse actual ROS 4.0% (2004 was: 4.3%, now 3.5%)
- Massmart will not change long-term ROS targets
- Prior year adjustment will increase gearing calculation, but not actual gearing
- It will also increase return on shareholders' equity
- If not adjusted, will affect DCF valuation
- Affected basis of Massmart's 2005 final dividend, no adjustment thereafter

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Forex Gains & Losses

Rm's	2005	2004
Massdiscounters	4	(24)
CBW / Trident	(1)	(7)
Other	22	(1)
Total	25	(32)

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Divisional PBIT

(Rm's)	Year to June		
	2005	2004	%
MDD	488.2	344.1	*41.9*
Masswarehouse	321.3	223.3	*43.9*
Masscash	199.9	283.4	*(29.5)*
Total	1 009.4	850.8	*18.6*

PBIT = Profit before Interest & Tax

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Interest Paid

(Rm's)	2005	2004
Massdiscounters	(1.0)	(16.4)
Masswarehouse	24.4	26.0
Masscash	(2.6)	11.2
Corporate	(41.8)	(28.0)
Total interest	(21.0)	(7.2)

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Divisional PBT

(Rm's)

	2005	2004	%
MDD	487.2	327.7	*48.7*
Masswarehouse	345.7	249.3	*38.7*
Masscash	197.3	294.6	*(33.0)*
Total	1 030.2	871.6	*18.2*

PBT = Profit before Tax

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Progress towards targeted PBT ROS

	Target	June 2005	June 2004	Int. benchmark
Massdiscounters	6.0	6.6	4.9	7.4
Masswarehouse	5.0	4.0	3.6	5.0
Masscash	3.0	1.9	3.0	3.0
Total	4.5*	3.9	3.7	4.9*

* Proforma using actual sales mix and target margins

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Tax Charge

	2005	2004
Total	R307m	R254m
Total tax rate	*33.5%*	*32.8%*
Headline tax rate	*30.7%*	*30.6%*

- SA Corporate rate 29% (2004: 30%)
- The rate reduction added 0.7% due to the opening balance adjustment from net deferred tax asset
- STC 2.0% (2004: 1.0%) due to higher dividend
- Most of the tax charge is now cash, not deferred

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Stock & Creditors

	June 2005		June 2004	
	Rms	Days	Rms	Days
Net Stock (1)	2 658	49	2 357	49
Trade Creditors (1)	3 996	56	3 776	59
Provisions & Accruals	1 170	-	938	-

1. Days calculated using historic cost of sales.

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Debtors

	June 2005		June 2004	
	Rms	Days	Rms	Days
Trade Debtors (1)	1 049	13	991	13
Consumer Debtors (2)	256	228	264	225

1. Includes Furnex, Shield, Makro, Jumbo, Builders Warehouse, Cellshack, Feds, De la Rey, Servistar & CBW. Days calculated using historic sales.
2. Massdiscounters HP & Revolving Credit.

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Depreciation

Rm's	2005	2004
Depreciation	157	134
Replacement Capex	253	137
Investment Capex	156	263

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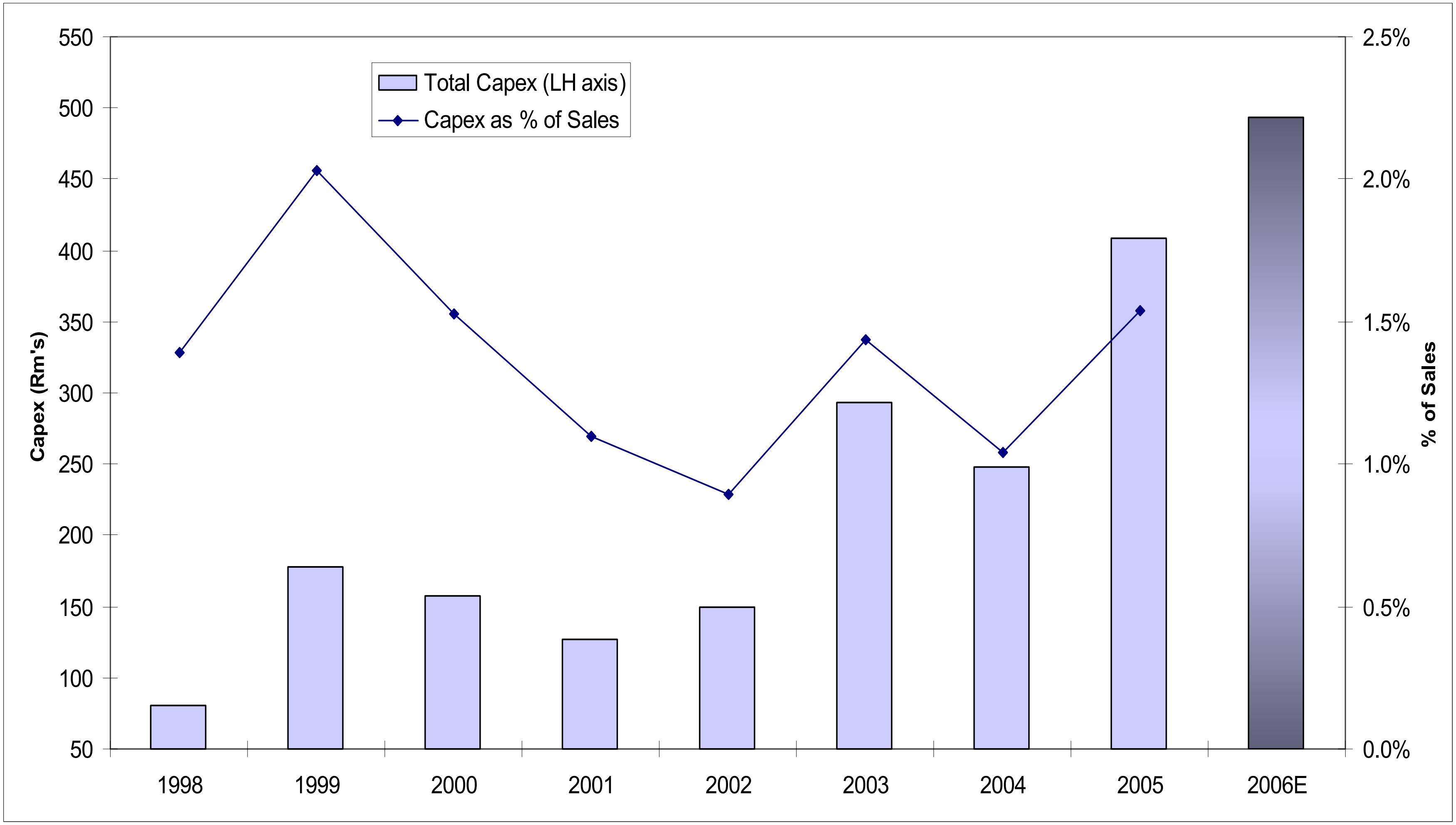
Capital Expenditure



Capex excludes goodwill on CBW minorities' buyouts

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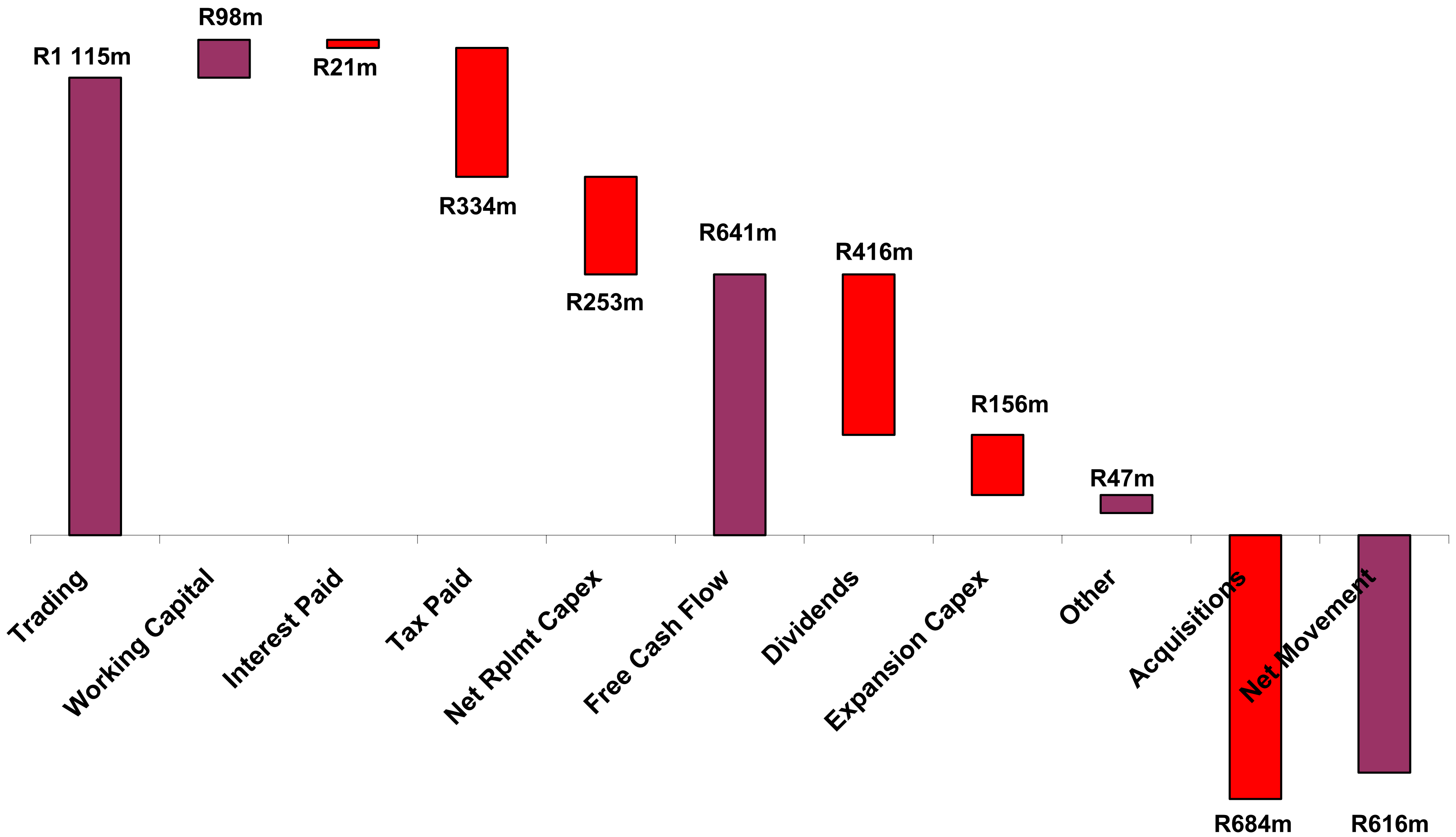
Cashflow Analysis



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Gearing

- Average long-term gearing of 18%
- Two R250m five-year loans signed after June 2005
- Depending upon Competition Commission approval of Moresport acquisition, will shortly be raising permanent preference share capital:
  - R500m
  - Floating, linked to prime interest rate
  - Roadshow likely in mid-September
  - Pricing & cashflow at end September 2005
- After loans & prefs, long-term gearing 30%

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Acquisitions

- Acquired Feds, De La Reys (51%) & Servistar w.e.f. 1 June 2005
- Also acquired two ex-Mica stores during the year
- Moresport acquisition (84% for R403m) pending
- Total expenditure R684m (excluding Moresport)
- Total goodwill arising R531m
- Net HEPS impact +18.6 cents

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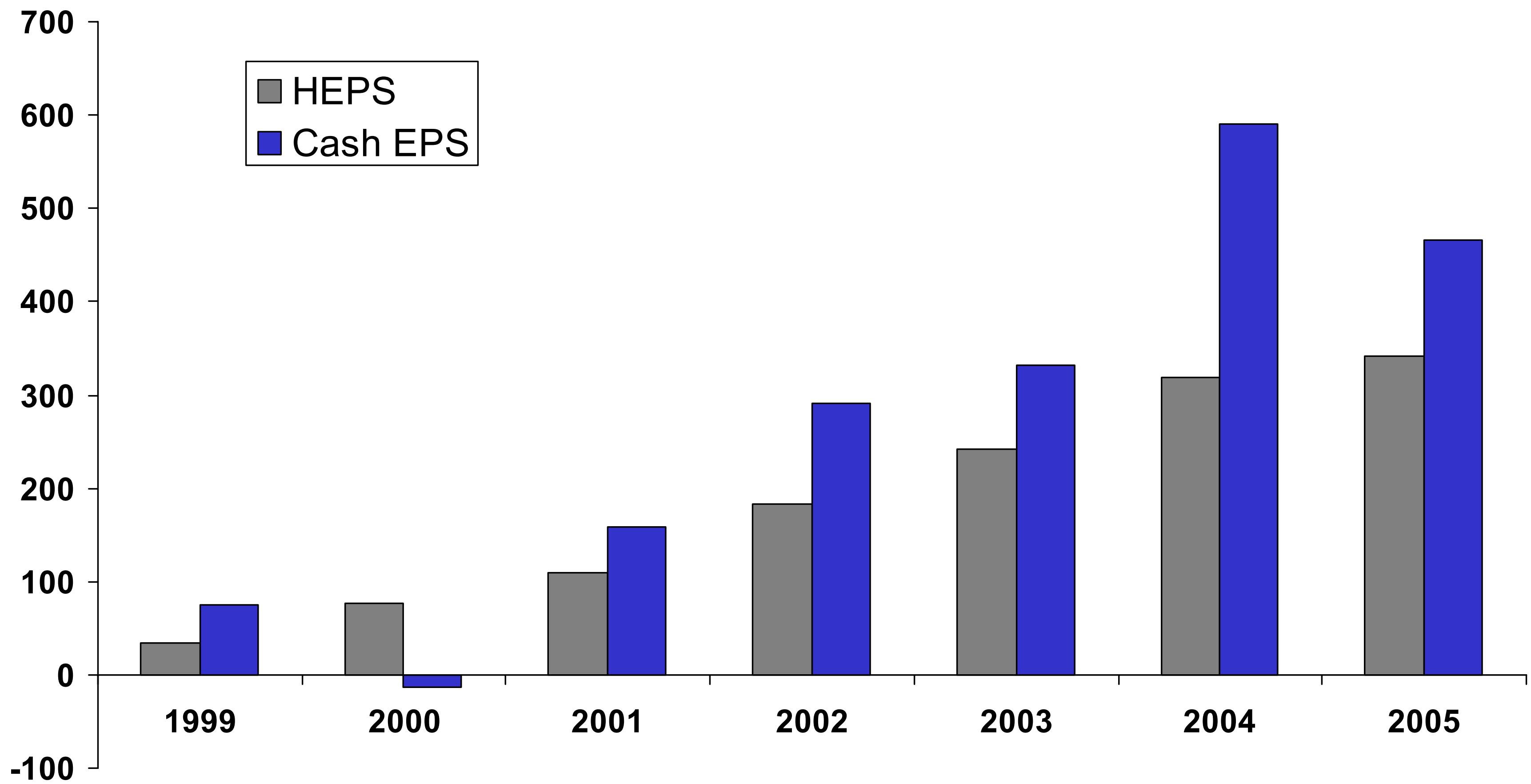
Cash Earnings



HEPS – Headline Earnings per Share (cents)

Cash EPS – Cash from Operating Activities, before dividends paid

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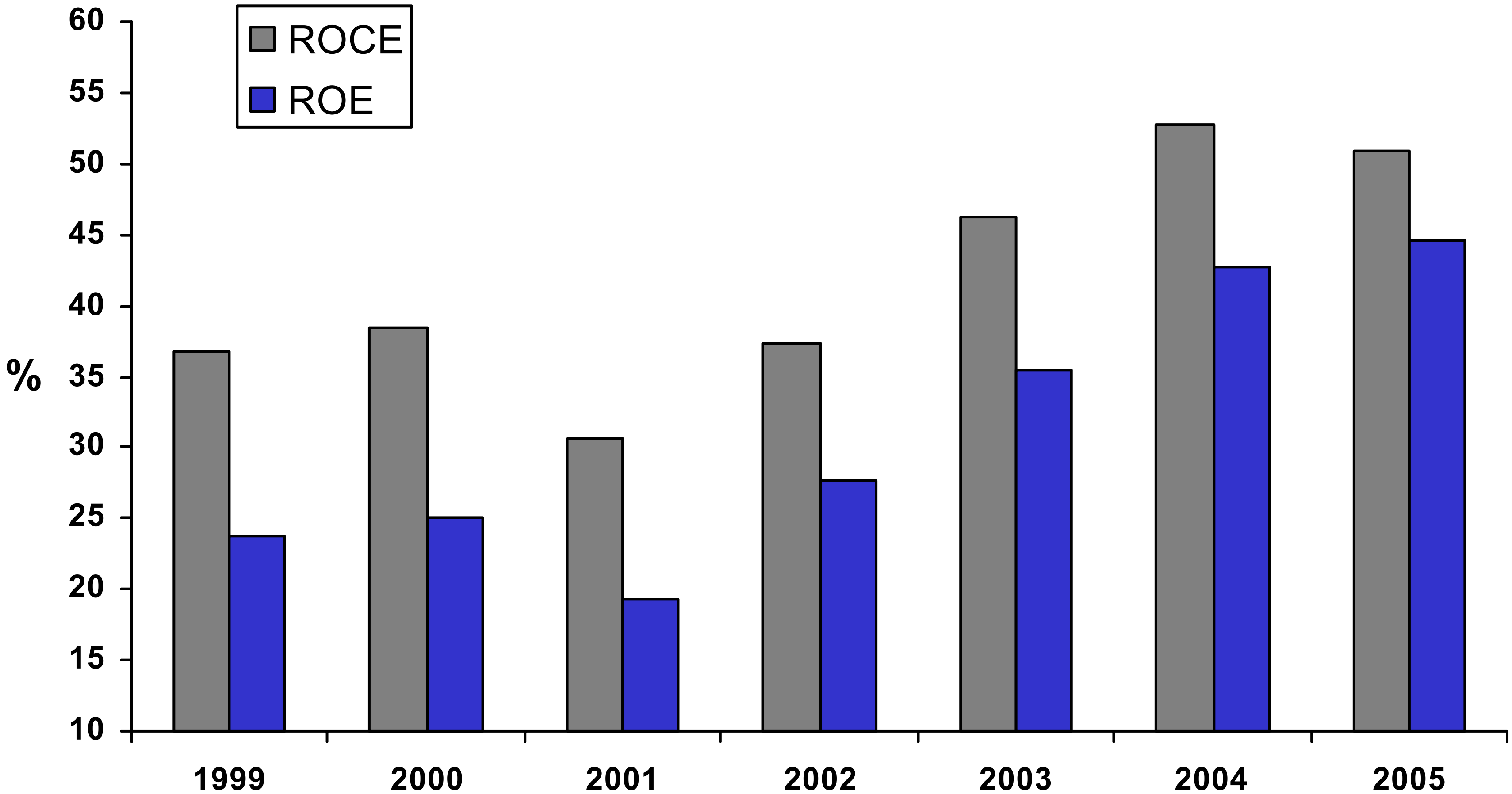
Returns Lease-smoothing in 2004 & 2005 only



ROCE - EBITA / Average Capital Employed

ROE - Headline Earnings / Average Shareholders Equity

Ignoring previous goodwill & trademark write-offs

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IFRS

- Will report w.e.f. 1 July 2005 (first time will be December 2005)
- Standards affecting Massmart:
  - Share-based payments
  - Business combinations (intangibles & impairment)
  - Effects of changes in exchange rates

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Share-based Payments

- Calculated in terms of AC 139 & IFRS 2
- Binomial model using: risk-free rate, volatility, dividend yield, employee turnover, exercise behaviour
- On all options issued after November 2002
- *Estimated* income statement charge:
  - 2004: R7.8m
  - 2005: R16.4m
  - 2006: R18.8m (estimate)
- No tax relief
- Highly sensitive to assumptions

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“Vision for Growth”

2007 - Report Back

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Vision 2007 – Report Back

- Africa
  - 2007 target – 7 Game & 4 CBW stores (R1.1b)
  - 2005 progress – 1 Game & 0 CBW (R0.15b by ‘07)
- FMCG wholesaling
  - 2007 target 15 CBW & 3 Jumbo stores (R1.8b)
  - 2005 progress – 1 CBW & 1 Jumbo (R0.20b by ‘07)
- Home improvement
  - 2007 target – 21 Builders & Tile Warehouse (R2.1b)
  - 2005 progress – 4 B & 1TWs & acquisitions (R3.0b by ‘07)
- Opportunities under research – Game RSA, smaller format Game, reposition Dion
  - 2005 progress - 4 large Games (R0.45)

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"What's Changed?"

What's Changed?

"Organisations fail because their theory of business is outdated. The assumptions on which the organisation has been run no longer fit reality. Among the key assumptions are those on markets, customers, mission, competitors, core competencies, and technology"

- Peter Drucker

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What's changed? (Holding Company)

- Environment, size & growth imposing greater demands on Holdings to devote more time to:
  - Strategic, operating & day to day direction
  - Accounting, control & governance
  - Regulatory compliance
  - Corporate activity
  - Corporate affairs
  - Human capital management
  - Investor relations
  - Other stakeholder relations
- Development & succession demands require appropriate executive structures

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What's changed? (General merchandise)

- Expanding consumer market (structural)
  - education & employability
  - employment equity & BEE
- High consumer confidence (cyclical)
  - interest, exchange & inflation rates
  - national psyche / international benchmarks
- R/$ driven lower cost price inflation/deflation
- Shifting shopping nodes
- Product innovation & exceptional product value
- Consolidation & convergence
- Changed view of working capital management

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What's changed? (Home Improvement)

- High consumer confidence (cyclical)
- Expanding consumer market (structural)
- Housing shortage (structural)
- Re-rating of domestic property prices (structural)
- Start of consolidation of very fragmented industry
- Strong comparable store growth & profitability from BW & TW
- Acquisition of Federated Timbers, Servistar & De La Rey

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What's changed? (Wholesale Food)

- Inflation
  - low single digit cost price inflation & significant deflation in some categories (i.e. maize) for first time in 25 years
  - likely to remain low but not negative in medium term
- Consequences
  - sales & R's gross margins decline
  - market responds by lowering prices to maintain sales
  - little volume sensitivity to promotions as the potential of lower prices forces traders to hold low inventories
  - with gross margins < 10% any volume increases fail to compensate for gross margin sacrificed
  - expense growth > cost price inflation creates net margin squeeze

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What's changed? (Wholesale Food)

- Expected sequential industry response
  - attempt to increase volumes (at greater risk!)
  - reduce expenses
  - increase gross profit margins
  - align cost price inflation & expense growth over time
- Sustained low inflation will
  - accelerate industry trends away from marginal business
  - accelerate rationalisation & consolidation
- In low or negative inflation environment wholesale food is no longer as defensive as it once was
- Massmart is now the only listed wholesaler of basic foods

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“Vision for Growth” 2008

"Vision for Growth 2008" is about…..

- Refined organisation & management structure (focused leadership & reporting)
  - Divisional structure enhanced to comprise four divisions each containing those chains with similar target markets & business models
  - Greater visibility & insight for shareholders

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Massmart 2005/6

(Leadership in 4 market segments)

MASSMART HOLDINGS LTD
263 Owned Stores
1715 Member Outlets

- **MASSDISCOUNTERS**
  GM discounters > LSM 5 - 10
  114 stores
  - Game (61 Stores)
    RSA, Nam. Bots. Zam. Ugan. Maur. Moz.,
  - Dion (11 stores)
    RSA
  - Moresport (42 stores)
    RSA
- **MASSBUILD**
  DIY-HI outlets > LSM 5 - 10
  70 stores
  - Builders Warehouse (20 outlets)
  - Delarey (3 outlets)
  - Servistar (14 outlets)
  - Federated Timbers (33 outlets)
- **MASSWAREHOUSE**
  Warehouse Clubs > LSM 5 - 10
  14 stores
  - Makro (14 warehouse clubs)
    RSA, Zimbabwe
- **MASSCASH**
  Food cash & carry > LSM 2 - 5
  65 stores
  - CBW (58 C&C outlets)
    RSA, Namibia, Lesotho, Botswana
  - Jumbo (7 C&C outlets)
    RSA
  - Furnex (830 independent outlets)
    RSA
  - Shield (885 independent outlets)
    RSA, Botswana, Swaziland, Namibia

GM Disc.
S > R8.5b

Home Imp.
S > R3.5b

Warehouse Club
S > R7.0b

Wholesale
S > R10b

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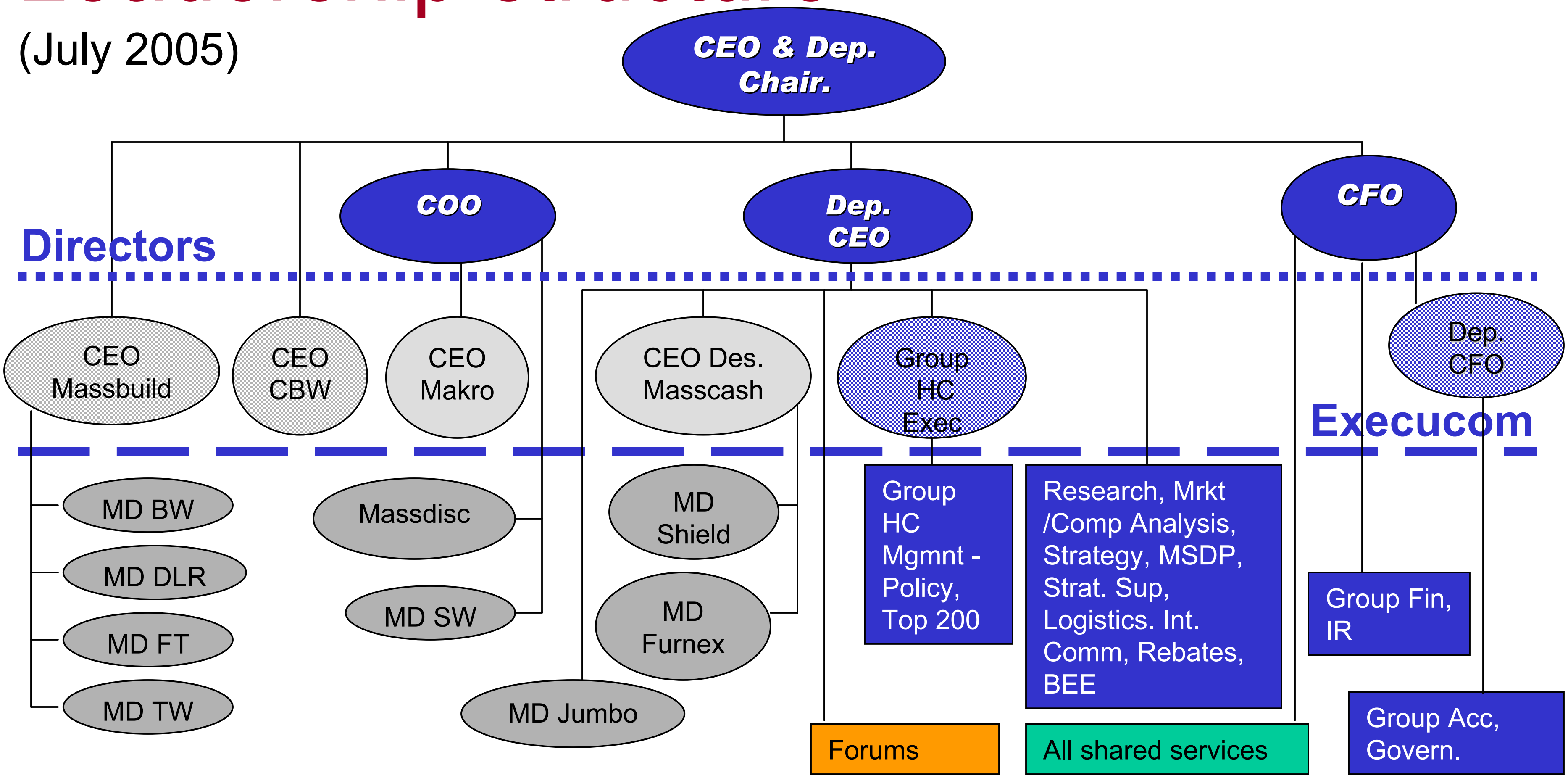
"Vision for Growth 2008" is about…..

- Refined organisation & management structure (focussed leadership & reporting)
  - Divisional structure enhanced to comprise four divisions each containing those chains with similar target markets & business models
  - Greater visibility & comparability for shareholders
  - Executive Committee strengthened with appointment of Deputy CEO, COO, Deputy CFO & two new Divisional CEO's

Leadership structure

(July 2005)



Divisions Manage: Focused Retail/Wholesale Business Units

Responsibility: Day to day operating performance

Channel Manages: Forums: GM, Food, TIP, Masscell, FD's, HR, Cost

Responsibility: Value creation through inter divisional collaboration

Services Manages: Treasury, Audit, Forex, Salaries

Responsibility: Value creation through lower cost shared services

Group Manages: Strategy, Portfolio, Capital allocation, Human Capital, IR, Performance, Governance, Audit

Responsibility: Delivering strategic value to shareholders

"Vision for Growth 2008" is about…..

- Refined organisation & management structure (focussed leadership & reporting)
- Refining market focus (profitable sales)
  - Customers (Value & service conscious) / Geography (mainly South Africa) / Market (Mass) / Distribution type (More retail than wholesale) / Distribution model (High volume, low expense, low price) / Merchandise (Broad range, blatant value) / Payment (Mainly cash, no reliance on finance charges)

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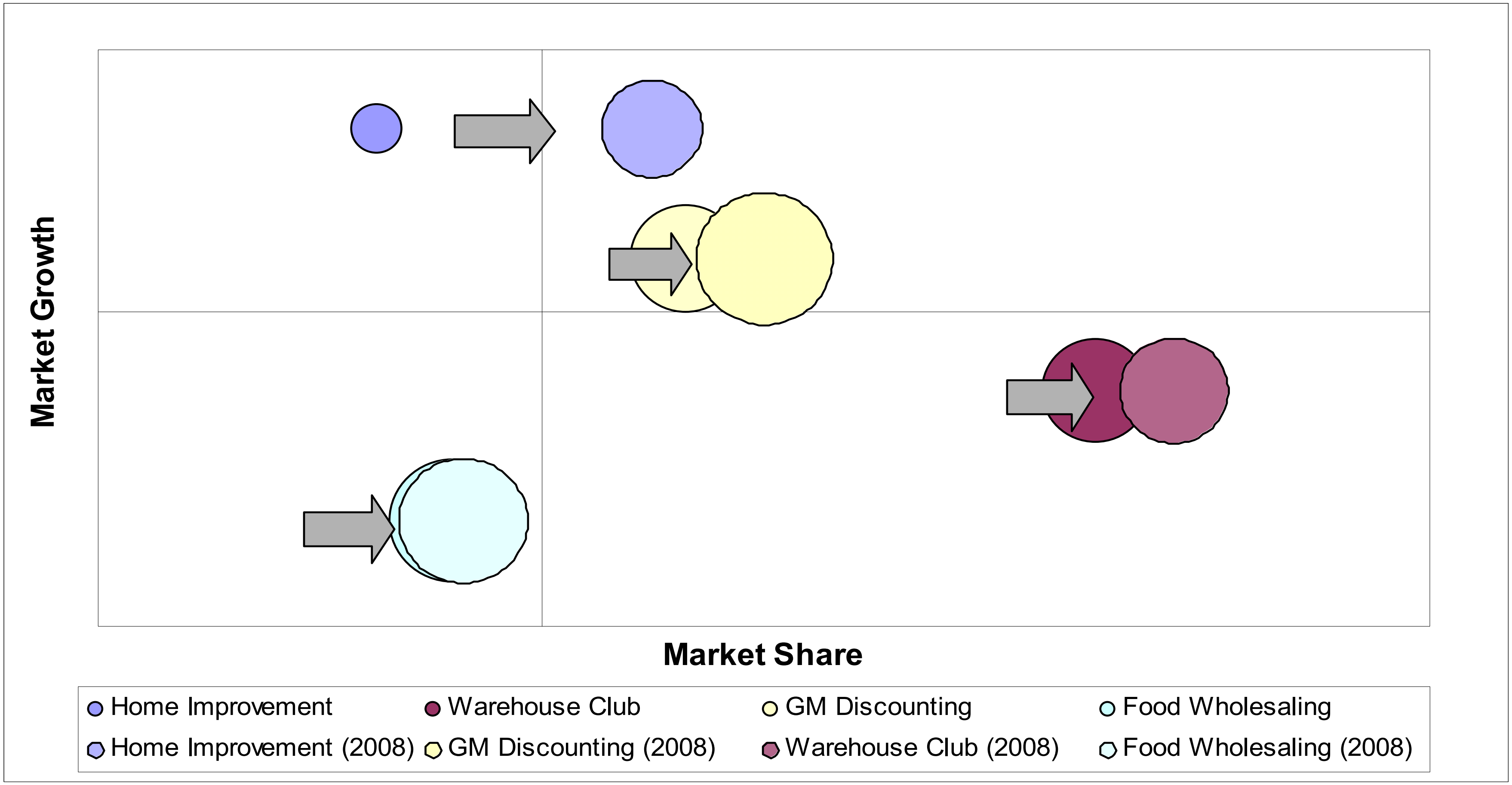
Portfolio – Growth/Share imperatives



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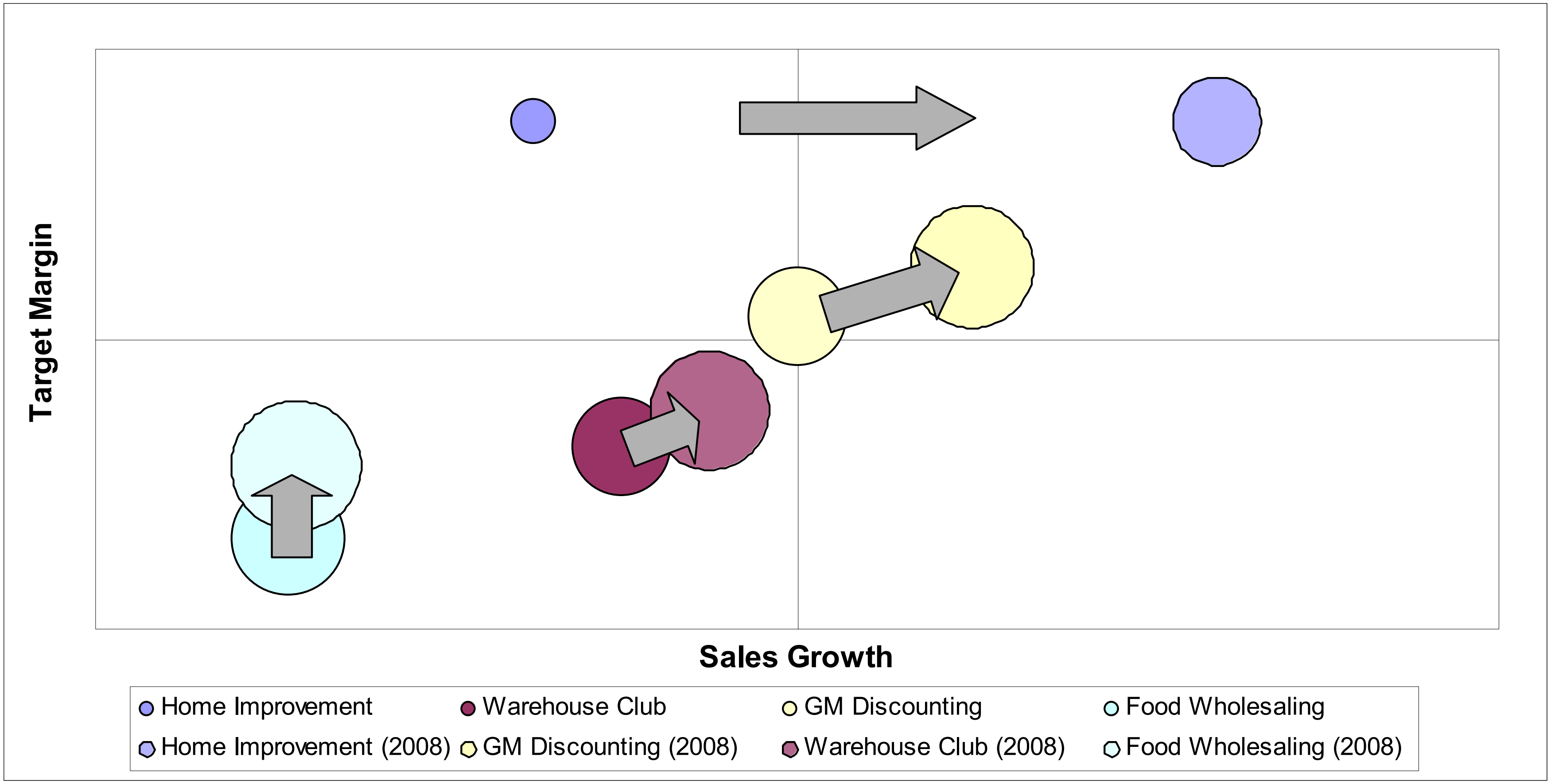
Portfolio – Growth/Margin imperatives



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“Vision for Growth 2008” is about…..

- Refined organisation & management structure (focussed leadership & reporting)
- Refining market focus (profitable sales)
- Merchandise & marketing innovation (pricing power & real comparable store growth)

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Merchandise innovation

"In retail, you are either operations driven - where your main thrust is towards reducing expenses and improving efficiency - or you are merchandise driven. If you are going to show the kind of double-digit comparable store sales increases that we show every year, and grow a company the way we've grown ours, you have to be merchandise driven. Retailers that are operations driven tend to level off and deteriorate."

David Glass – Chairman Executive Committee Walmart

“Vision for Growth 2008” is about…..

- Refined organisation & management structure (focussed leadership & reporting)
- Refined market focus (profitable sales)
- Merchandise & marketing innovation (real comparable growth & pricing power)
- Store portfolio optimisation (penetrating markets & sweating assets)
  - Store development decision support system implemented (Vantage)
  - All “old group” store development opportunities identified
  - Home improvement opportunities clarified by March ‘06

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- Store portfolio optimisation (penetrating markets & sweating assets)
- 3 year Growth Vectors (expanding footprint)

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Vision 2008 – Growth Vectors

- Africa (cautious progress)
  - 2008 target – 5 Game (R0.5b)
  - Present commitment – 2 Game (R0.15b by 2007)
- FMCG wholesaling (slow growth for cash & returns)
  - 2008 target 5 CBW & 1 Jumbo stores (R0.75b)
  - Present commitment – 3 CBW and 1 Jumbo (R.5b by 2007)
- Home improvement (aggressive growth for market leadership)
  - 2008 target – 7 BW, 2 De La Rey, 9 Servistar (R1.5b)
  - Present commitment – 3 BW, 2 De La Rey (R0.5b by 2007)

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Vision 2008 – Growth Vectors

- Opportunities under research – Game RSA, smaller format Game, reposition Dion (exploit when proven)
  - 2008 target 4 L Games, 22 S Games (R1.35b)
  - Present commitment – 2 L Games, 5 S Games (R0.5b by 2007)

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- Acquisitions (enhancing portfolio)

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- Acquisitions (enhancing portfolio)
- PBT margin improvement (enhancing productivity)

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Targeted PBT ROS

(%)	Target	International benchmark
M'discounters	*7.0%*	Walmart ex food 7.4%
M'warehouse	*4.0%*	Metro AG C&C 5.0%
M'build	*8.0%*	Home Depot/B&Q 10.0%
M'cash	*3.0%*	N/A 3.0%
Group	**4.6%*	**5.12*

* Proforma using 2005 sales + acquisitions mix and target margins

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- 3 year Growth Vectors (expanding footprint)
- Acquisitions (enhancing portfolio)
- Margin improvement (enhancing productivity)
- Collaboration (whole > sum of parts)

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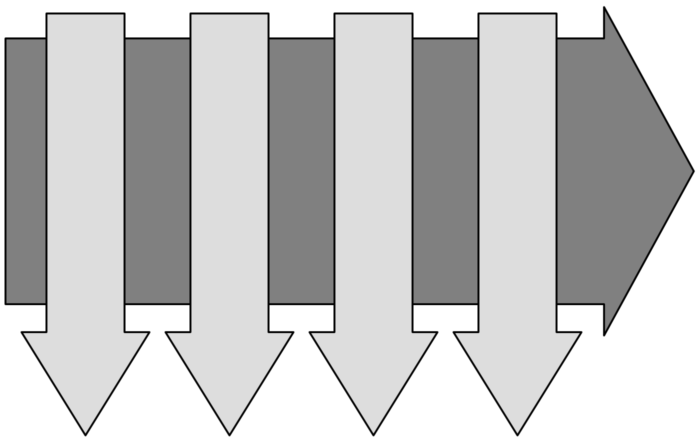
Business Model

Holdings • Strategy • Portfolio • Capital allocation • Performance • Exec. Dev



Channel collaboration

• Procurement (Forums)

• Coordinated retailing (Positioning, Pricing & Promotion)

Shared services

• Non differentiating services rendered at lower cost to Divisions

• Human Capital management

Divisional growth

• Differentiated competitive offerings

• Dominant in complementary product categories

• Multiple target markets & regional reach

• Favorable cash characteristics

• Sound organic growth

• Strict acquisition criteria

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- Acquisitions (enhancing portfolio)
- Margin improvement (enhancing productivity)
- Collaboration (whole > sum of parts)
- BEE (alignment with national imperative)

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- Margin improvement (enhancing productivity)
- Collaboration (whole > sum of parts)
- BEE (alignment with national imperative)
- Governance (stakeholder protection)

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- Refined organisation & management structure (focussed leadership & reporting)
- Refined market focus (profitable sales)
- Merchandise & marketing innovation (real comparable growth & pricing power)
- Store portfolio optimisation (penetrating markets & sweating assets)
- 3 year Growth Vectors (expanding footprint)
- Acquisitions (enhancing portfolio)
- Margin improvement (enhancing productivity)
- Collaboration (whole > sum of parts)
- BEE (alignment with national imperative)
- Governance (stakeholder protection)

A Vision of sustained growth !!!

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Summary

- Our strategy remains valid
- We have shaped our portfolio & strategies to adapt to market developments
- We have strengthened & structured leadership for implementation, control, growth & succession
- A high rate of earnings growth will be sustained to 2008

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Risks & Prospects

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Risks

- External
  - Economic growth / Consumer confidence
  - Lower or falling inflation
  - R/$ volatility
  - Labour costs
- Internal
  - Strategic & operating 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 2006 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
- The growth prospects of the new home improvement division
- A record R495m capex programme
- Budgeted sales growth >R30b
- Improved margins
- Full year EPS growth higher than 2005

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Dedicated to Value

Dedicated to Shareholder Value

www.massmart.co.za

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Additional Data

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Additional Financial Data

Headline Tax Rate Reconciliation

	%
Standard rate	*29.0*
Exempt income	-3.5
Disallowables	1.6
Adjustments to prior year	0.6
STC	2.0
Foreign tax	0.3
Tax rate charge (30% to 29%)	0.7
Effective headline tax rate	*30.7*

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Analysis of Tax Charge

	R'm
Current tax	313.9
Deferred tax	(15.4)
Foreign tax	19.1
Foreign deferred tax	(10.6)
Income Statement Charge	307.0

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Capital Expenditure

(Rm's)	June 05	June 04
Land & buildings	60	12
Leasehold improvements	80	33
PPE	145	106
Computers	108	85
Motor vehicles	13	12
Sub-total	406	248
Goodwill	9	152
Total	415	400

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Headline Earnings Reconciliation

	Rm's
Attributable earnings	606.8
Goodwill	72.4
Profit on fixed asset disposals	(0.6)
Headline earnings	678.6

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Number of Shares

	(000's)
At 1 July 2004	199 191
Shares issued	450
At 26 June 2005	199 641
Weighted-average for period	199 010
Fully-diluted weighted average	205 944

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Targets

Group Annual ROS	> 4.5%
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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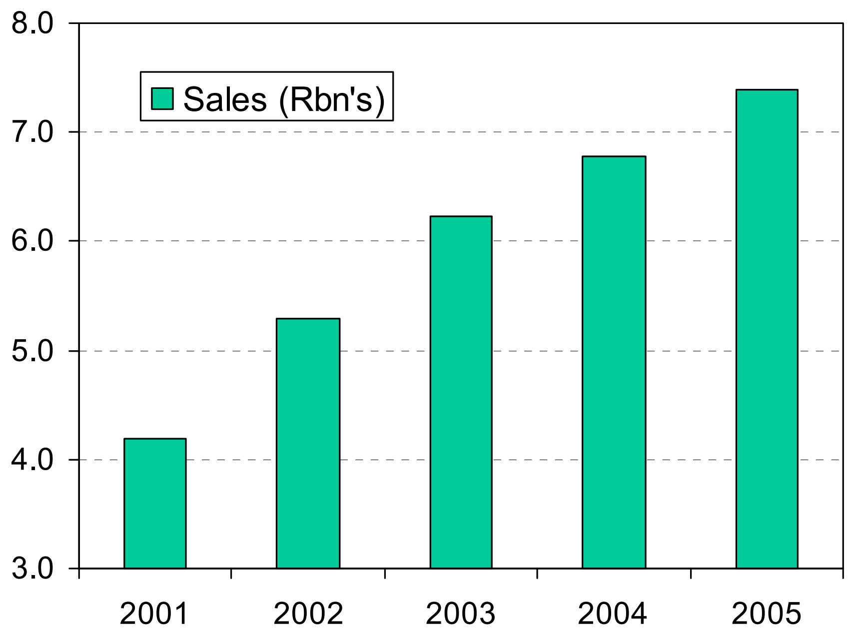
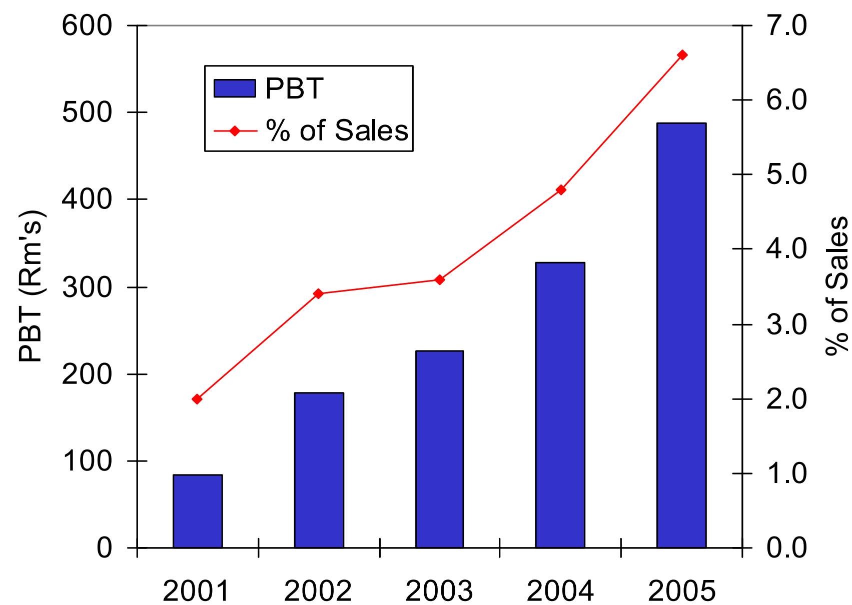
Massdiscounters

	2005	2004	%
Sales	7 397	6 784	*9.0*
PBIT	488	344	*41.9*
Interest	-1	-16	*93.8*
PBT	487	328	*48.5*





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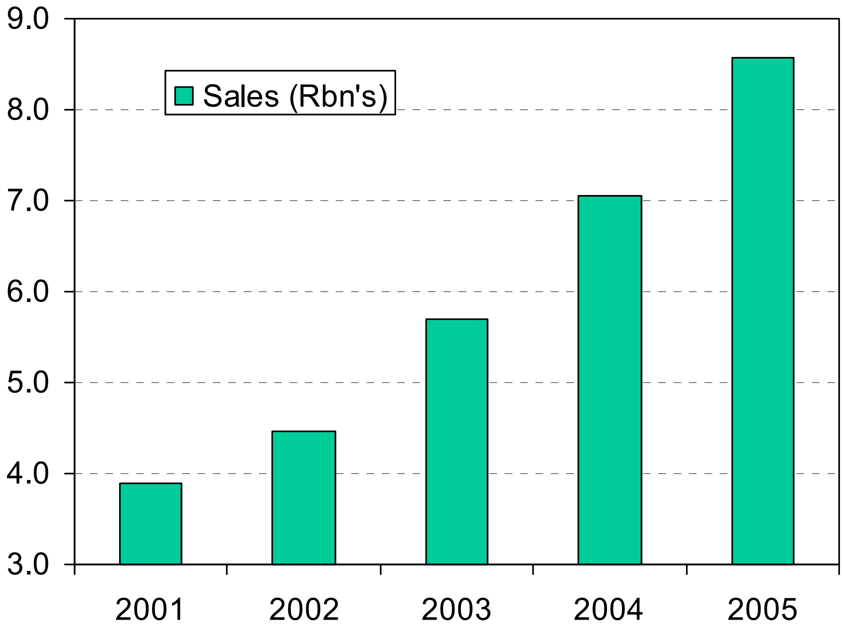
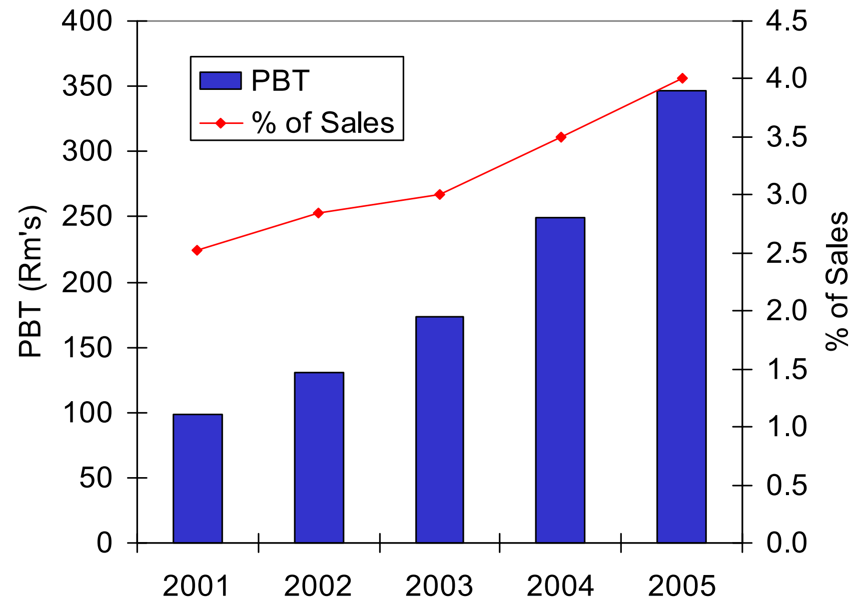
Masswarehouse

	2005	2004	%
Sales	8 576	7 067	*21.4*
PBIT	321	223	*44.0*
Interest	25	26	*(3.8)*
PBT	346	249	*39.0*





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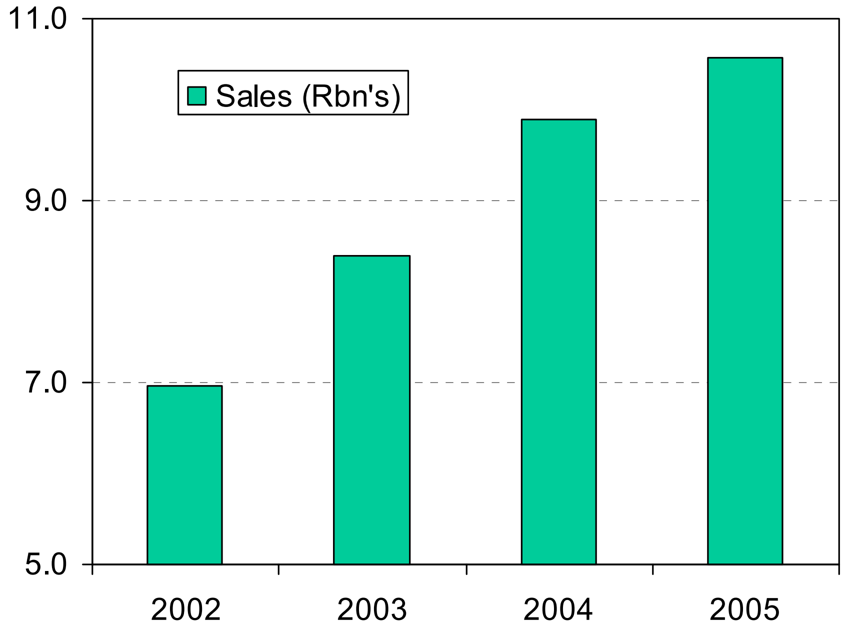
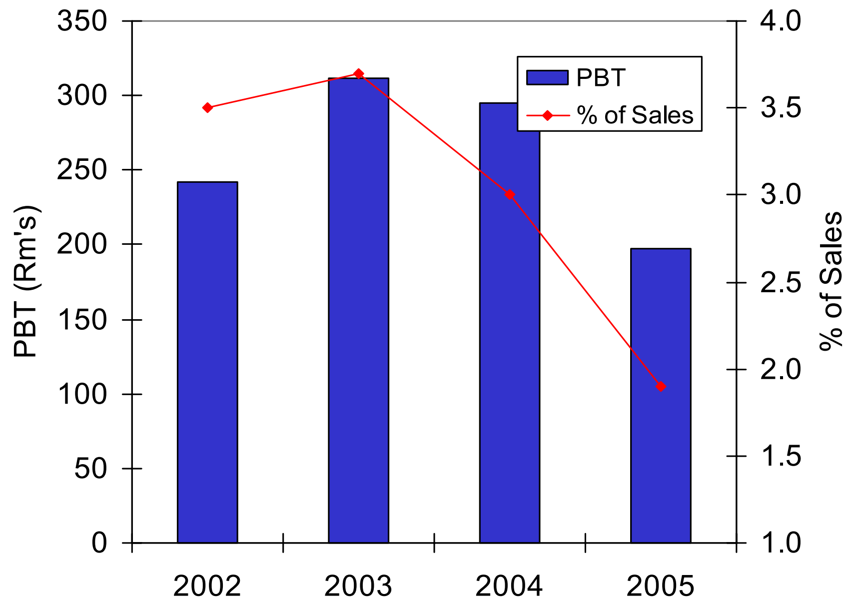
Masscash

	2005	2004	%
Sales	10 589	9 938	*6.6*
PBIT	200	284	*(29.6)*
Interest	(3)	11	-
PBT	197	295	*(33.2)*





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