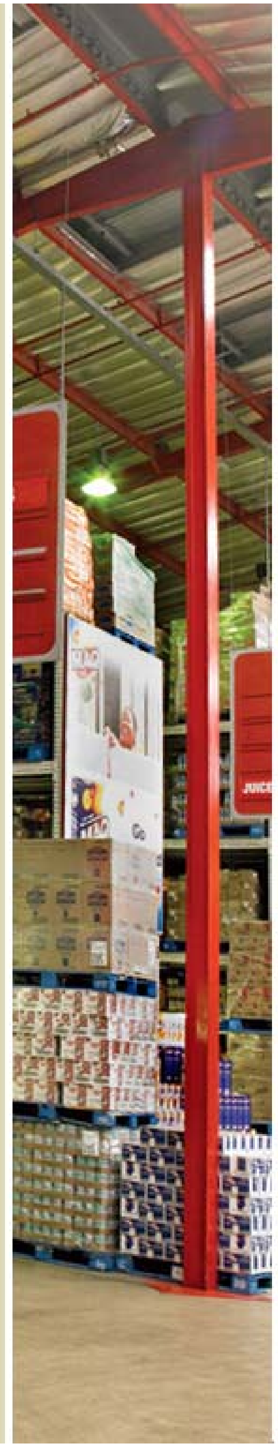
Dedicated to Value

Massmart Reviewed Results for the 26 weeks to 23 December 2007

Presentation to Investors, Analysts and Media
February 2008



Agenda

- The Environment
- The Divisions
- Operating & Financial Performance
- Update on Vision for Growth 2010
- Risks & Prospects

ADDENDA – Additional financial data

Environment

Environment

- Retail market is softening:
  - Interest rates, inflation, weaker currency, & consumer sentiment?
  - National Credit Act having a dramatic impact – will change SA retail landscape
- Massmart performance is affected by:
  - Return to value and cash-based
  - Food inflation assists in wholesale
  - Social grants
  - Middle-income durable expenditure squeezed by interest rates
  - Market-share gains in Massbuild?

Environment

- Challenges
  - Ongoing skills shortage – now to worsen?
  - National capacity constraints
  - Inefficient public service (licensing, provincial anomalies)
  - Crime

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Power Outages

- Operations:
  - Back-up power (UPS) in all stores
  - Generators in 215 of 243 Group stores
  - Will spend another R12m on generators
  - Estimated total additional operating cost per two hour outage across Group of R103 000 (worst case)
  - Current annual Group electricity costs R72m
- January power-outages:
  - Lost 0.2% total Group *trading* hours
  - 3% of total Group *operating* hours affected
- Until greater clarity, difficult to assess longer-term economic impact but unlikely to be positive

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Power Outages

- Trading:
  - Although experienced dramatic sales increases in certain categories, negligible impact at Group level
  - Working closely with Eskom: education & co-ordination, low-energy bulbs initiative
  - Merchandise:
    - Energy-conservation (timer switches)
    - Alternative energy (gas, solar)
    - Everyday necessities (candles, torches)
- Until greater clarity, difficult to assess longer-term trading impact but within Retail sector Massmart is probably best positioned on a relative basis

The Divisions

Massdiscounters

	2007	*% change*
Sales	R5 384m	*8.1%*
PBT	R463m	*10.7%*
PBT margin	*8.6%*	

- Game SA: sales soft and profit slightly below prior year
- Shift in tender type – more cash, fewer credit cards
- Consumer Credit: FS income R15m lower and credit sales down 22%. RCS will buy consumer credit division & book
- Africa performing well. Progress with Phase II new sites
- Remaining four Dion stores close / convert by June 2008
- Three Dion Wired stores – the most recent in Gateway (Durban) very successful. National presence planned

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Makro

	2007	*% change*
Sales	R5 108m	*11.9%*
PBT	R368m	*23.8%*
PBT margin	*7.2%*	

- New store: R61m capex. Positive net profit contribution
  - New store look & feel successful – will be rolled out
- SAP Forecasting & Replenishment module, recruited Supply Chain executive
- Considering purchasing certain new / existing Makro sites

Massbuild

	2007	*% change*
Sales	R2 897m	*16.0%*
PBT	R238m	*12.7%*
PBT margin	*8.2%*	

- Executive team restructured
- 2006/7 infrastructure investment now bedding down and expense ratios settling
- Trade Depot performing well. Builders Express to be a sub-brand of Builders Warehouse
- Uncertain of impact of tightening economic cycle
- Poor weather affects contractor business

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Masscash

	2007	% change
Sales	R6 734m	*11.1%*
PBT	R217m	*37.0%*
PBT margin	*3.2%*	

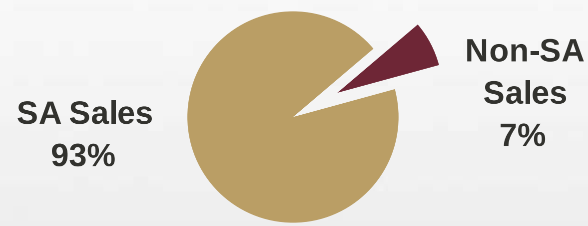
- Exceeded 3.0% PBT margin
- Merger / amalgamation proceeding well
- Point-of-sale rollout in CBW
- Supply shortages with major suppliers
- Hybrid formats – sites tough, so acquisitions likely

December 2007 Operating & Financial Performance

Sales

(Rm's)	**2007**	**2006**	*% Chg*	*Comp. % Chg*
Massdiscounters	5 384	4 979	*8.1*	*4.1*
Makro	5 108	4 567	*11.9*	*9.2*
Massbuild	2 897	2 497	*16.0*	*12.7*
Masscash	6 734	6 063	*11.1*	*12.1*
Total	**20 123**	**18 106**	***11.1***	***9.4***

- Real sales growth in all divisions
- Masscash comparable sales for CBW & Jumbo only



Week 27 Sales Growth

- 26th week closed on Sunday, 23 December 2008, so excluded significant trading day of 24th December
- Week 27 cumulative figures suggests this had a 0.5% impact on sales growth
- This effect was bigger in the retail (1.0%) than wholesale divisions

Inflation

- Group inflation to December 2007:
  - General Merchandise 1.6%
  - Home Improvement 7.4%
  - Food & Liquor 9.8%
  - Total 6.3%
- General Merchandise inflation expected to increase due to weaker currency and Dollar product inflation
- Food & Liquor inflation expected to be steady

Store Portfolio

	Massdiscounters	Makro	Massbuild	Masscash	Total
July 2007	90	*12	64	72	238
Closed	-	-	-	-	-
Openings	1	1	3	-	5
Dec '07	**91**	***13**	**67**	**72**	**243**

- Massdiscounters: Dion Wired Gateway new, also three stores converted / relocated
- Makro: Silverlakes new
- Massbuild: one Builders Warehouse & two Builders Express new, one Trade Depot relocated

* Excludes two Makro Zimbabwe stores

Trading Space

- Net new space 29 017m²
  - Opened 32 852m²
  - Closed 3 835m²
- December 2007 space 1 023 294m²
- 2.9% net space growth (unweighted)
- Expect total space growth of 3.4% for June 2008

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Sales Growth Analysis

	%
Existing stores (comparable growth)	9.4
New stores	1.7
Total sales growth	**11.1**

- 35-week sales update: 12.4% total and 10.2% comparable
  - Saw increased sales growth in Masscash, Makro & Massdiscounters. Massbuild sales weather-affected
- June 2008 is a 53-week trading period

Gross Profit

	2007	2006
	R3 712m	R3 305m
% of Sales	*18.4%*	*18.3%*

- Portfolio effect – increased sales at relatively higher Massbuild margins
- Slightly higher CBW margins due to Food inflation
- Lower gross margins in Massdiscounters – investing in price-perception

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Operating Costs

	2007	2006
	R2 637m	R2 371m
% of Sales	13.1%	13.1%

- 11.2% increase, including:
  - Total IFRS 2 charges R52m (2006: R27m)
  - Forex loss R15m (2006: R41m loss)
  - New Makro store pre-opening costs of R12m (2006: nil)
- Adjusting for these: 11.1% increase

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Employment Costs (51% of total costs)

	2007	2006
	R1 350m	R1 216m
% of Sales	6.71%	6.72%

- 11.1% increase
- After adjusting for all IFRS 2 charges, 9.2% increase
- 1.7% decrease in staff (FTEs) from a focus on staff scheduling

Occupancy Costs (18% of total costs)

	2007	2006
	R468m	R418m
% of Sales	2.33%	2.31%

- 12.2% increase
- Lease-smoothing charge R22.5m (2006: R20.5m)
- This effect may increase with greater number of new stores in 2009-2010

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Depreciation (5% of total costs)

	2007	2006
	R143m	R115m
% of Sales	0.71%	0.64%

- 24.3% increase
- Expected to continue ahead of sales growth due to new stores and refurbishments

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Forex Gains & Losses (unrealised & realised)

Rm's	2007	2006
Massdiscounters	5.4	(34.6)
Other	(7.1)	15.6
IAS 39	(13.2)	(22.4)
Total	**(14.9)**	**(41.4)**

- Massdiscounters – mostly realised gains on translation of Game Africa's transactions
- Other – unrealised loss on translation of offshore balances
- IAS 39 – realised and unrealised losses on FECs

Divisional PBIT

Rm's	December		
	2007	**2006**	**%**
Massdiscounters	444.0	399.3	*11.2*
Masswarehouse	335.8	275.5	*21.9*
Massbuild	222.7	206.1	*8.1*
Masscash	198.0	152.2	*30.1*
Total	**1 200.5**	**1 033.1**	***16.2***

PBIT = Profit before Interest & Tax

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Net Interest Paid

Rm's	December		
	2007	**2006**	**%**
Massdiscounters	18.7	18.6	*0.5*
Masswarehouse	31.9	21.6	*47.7*
Massbuild	15.7	5.4	*190.7*
Masscash	19.1	6.3	*203.1*
Corporate	(113.3)	(61.0)	*85.7*
Total interest	**(27.9)**	**(9.1)**	***206.6***

- Divisions – improved working capital & higher interest rates
- Corporate – impact of lower dividend cover, capex & share buyback

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Divisional PBT

Rm's	December		
	2007	**2006**	***%***
Massdiscounters	462.7	417.9	*10.7*
Masswarehouse	367.7	297.1	*23.8*
Massbuild	238.4	211.5	*12.7*
Masscash	217.1	158.5	*37.0*
Total	**1 285.9**	**1 085.0**	***18.5***

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

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Targeted ROS (PBT / Sales)

(%)	1H '08	FY '07	*FY Medium-term Target*	International
Massdiscounters	**8.6%**	**7.3%**	*8.0%*	Walmart ex-food 7.4%
Masswarehouse	**7.2%**	**6.1%**	*6.0%*	Metro AG C&C 5.0%
Massbuild	**8.2%**	**7.7%**	*9.0%*	Home Depot/B&Q 10.0%
Masscash	**3.2%**	**2.6%**	*3.0%*	Makro S. America 3.0%
IFRS 2 & Net Corporate Interest	**-0.7%**	**-0.7%**	*-0.5%*	-
Group	**5.7%**	**4.7%**	**5.5%*	*5.7%

Due to Christmas trading, the 1st Half ROS % will always be higher than FY

* Proforma using December 2007 sales

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Tax Charge

	2007	2006
Total	R359m	R325m
Tax rate	31.6%	32.3%

- Applied 29% corporate rate
- IFRS 2 charge not tax deductible
- Includes STC on dividends 2.3% (2006: 1.4%). This is higher due to lowered dividend cover
- Lower legislated STC rate: positive 0.5% effect on tax rate

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Stock & Creditors

	Dec 2007		Dec 2006	
	Rms	Days	Rms	Days
Net Stock (1)	5 300	55.0	4 230	52.3
Trade Creditors (1)	7 416	67.5	6 764	73.3
Provisions & Accruals	799	-	801	-

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

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Debtors

	Dec 2007		Dec 2006	
	Rms	Days	Rms	Days
Trade Debtors (1)	1 415	11.3	1 490	13.3
Consumer Debtors (1 & 2)	306	203.9	367	247.6

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

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Depreciation & Capex

Rm's	Dec 2007	Dec 2006
Depreciation & amortisation	143	115
Replacement Capex	156	53
Investment Capex	197	223
Total Capex	**353**	**276**
Acquisition earn-out	61	-

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Group Gearing

- Gearing increased through higher capex, lower dividend cover and share buyback
  - Using net interest as proxy for debt then gearing of R500m or 20%
  - Or using medium-term debt of R346m then gearing is 13.6% (2006: 19.6%)
- Potential property acquisitions – new sites and existing leased properties

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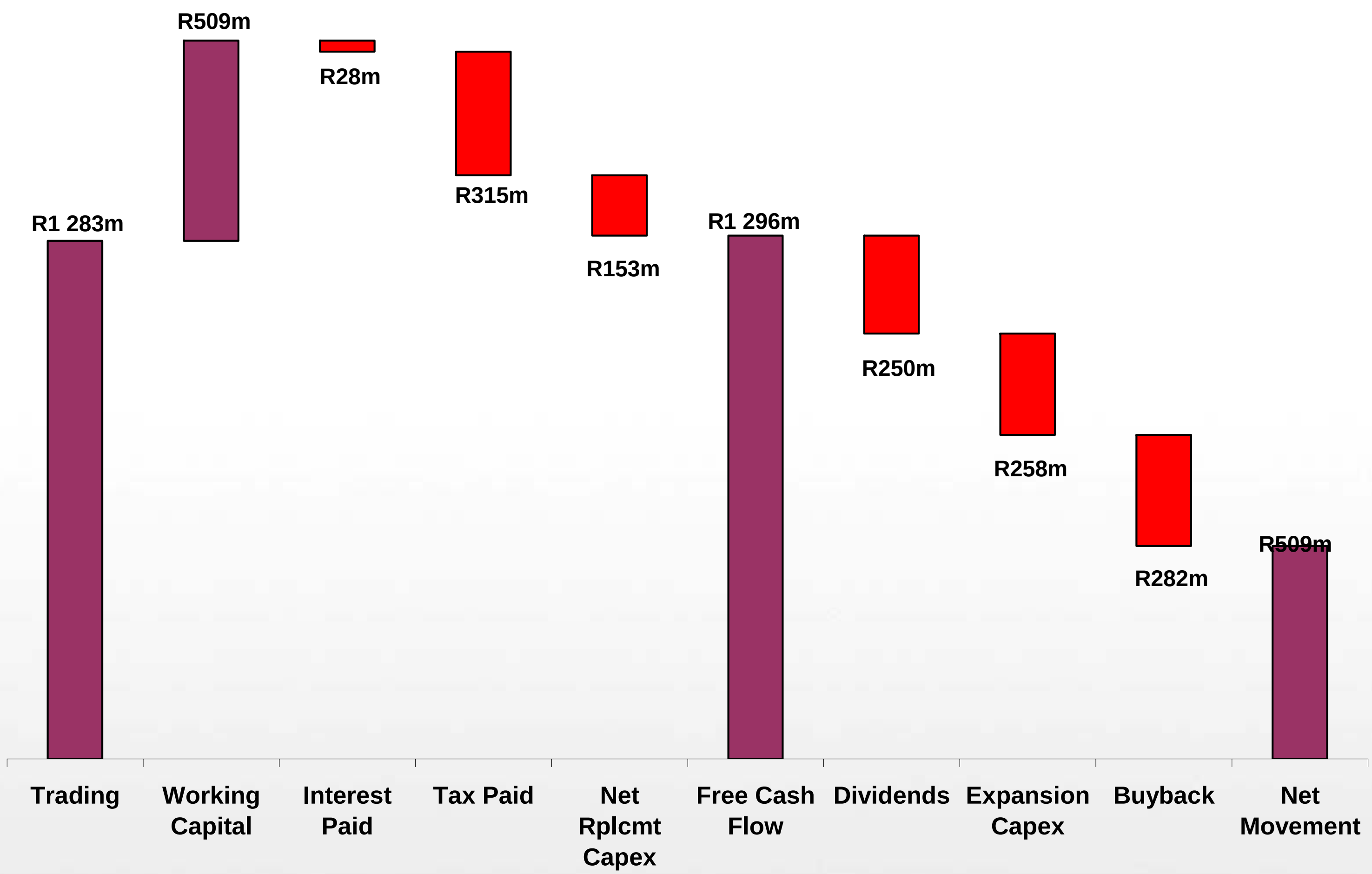
Cashflow Analysis



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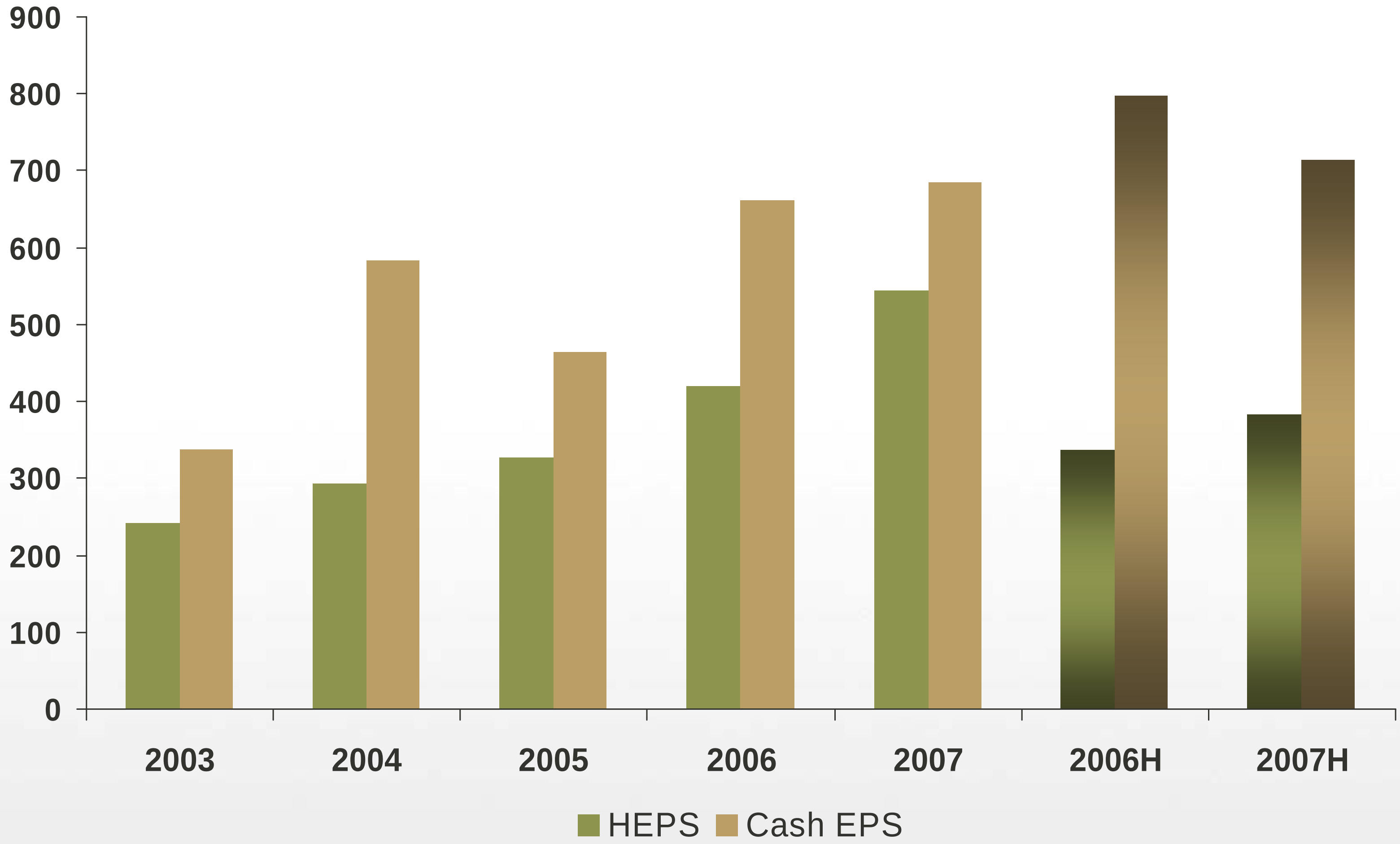
Cash Earnings



HEPS – Headline Earnings per Share (cents)

Cash EPS – Cash from Operating Activities, before dividends paid

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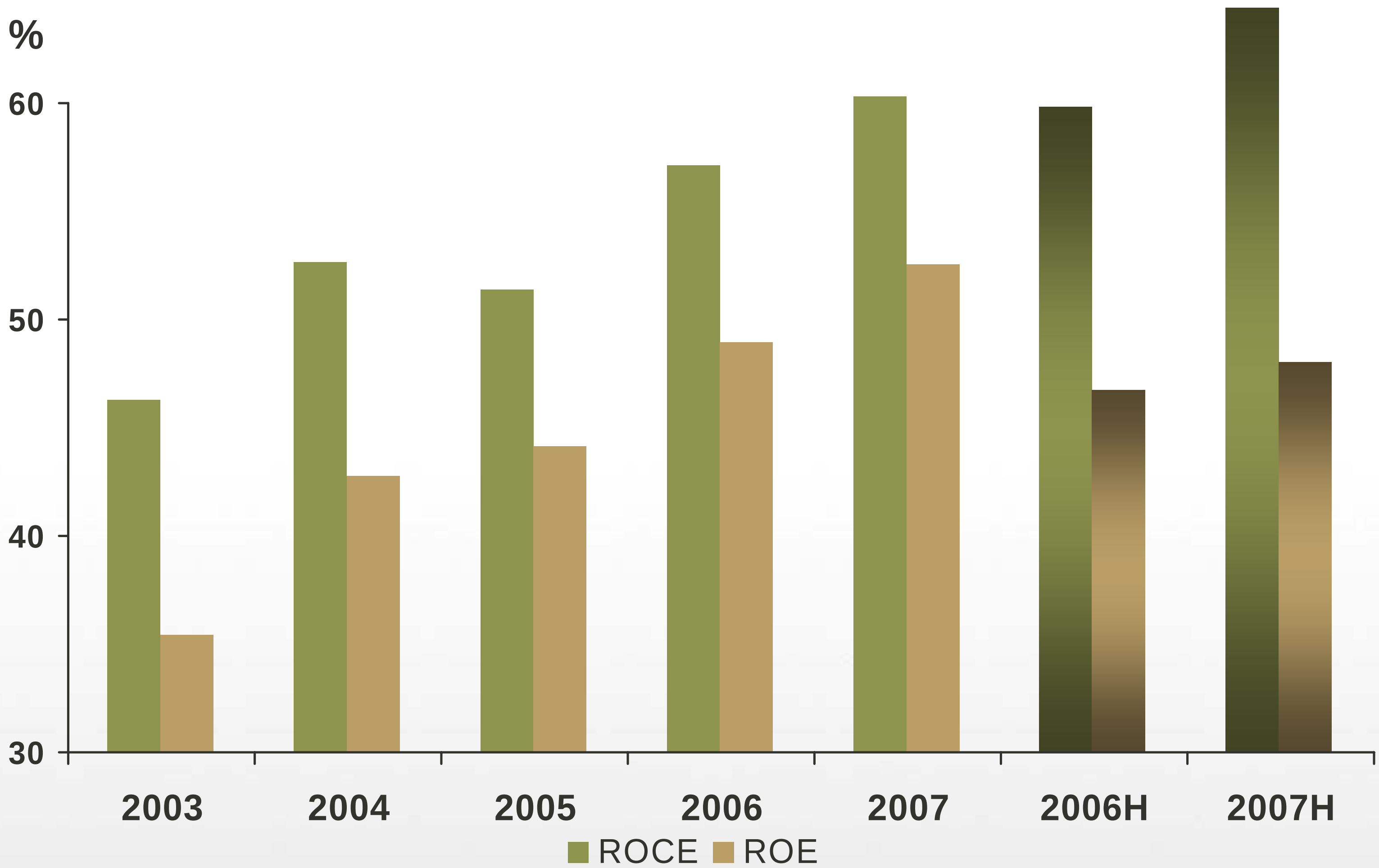
Returns (IFRS and Lease-smoothing from 2004)



ROCE - EBITA / Average Capital Employed

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

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Thuthukani BEE Staff Issue

- Effective 1 October 2006 – not yet annualised
- 10% share issue pre-dilution
- Remaining total IFRS 2 charge R300m
  - Still to be expensed over five years (was six in total)
  - Estimated annual charge to June 2008: R65m
  - Non-cash and no tax relief
- BEE Dividend:
  - June 2007 – 25% of ordinary dividend
  - June 2008 – 50%
  - Thereafter 75% & 100%
- IFRS 2 charge & scheme dividend affected Group HEPS by 19.5 cents (2006: 8.6 cents)

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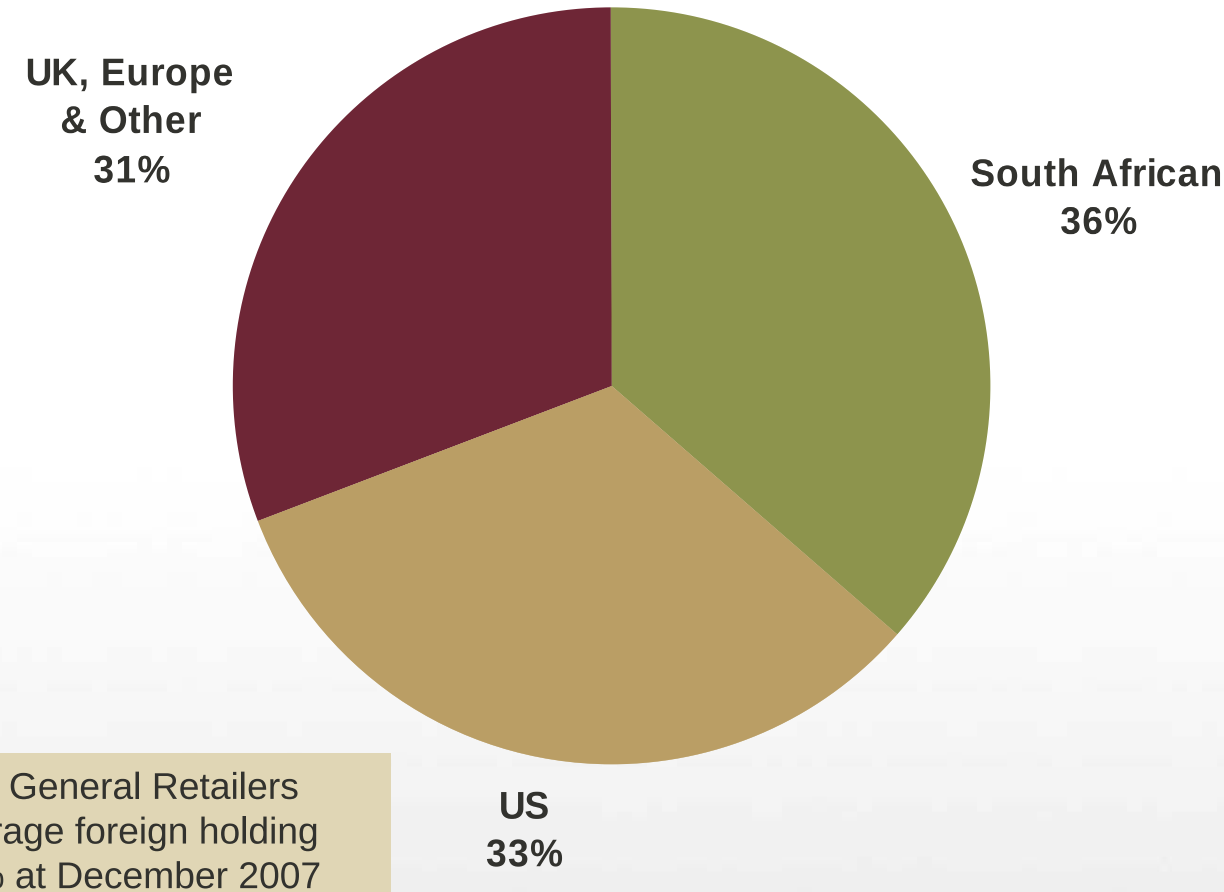
Massmart Shareholding – December 2007



JSE General Retailers average foreign holding 25% at December 2007

Source: JPMorgan Cazenove

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Update on Vision for Growth 2010

Update on Vision for Growth 2010

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

Update on Vision for Growth 2010

- Leadership and Transformation
  - This is our pipeline
  - Massmart University 2008 (EDP, LDP, ETDP, Black Graduate, Sam Walton Bus School field trip) with good ACI participation
  - 7 of 25 Divisional Directors are ACI (3 Black female new appointments)
  - Adopted *Leadership Pipeline* framework

Update on Vision for Growth 2010

- Growth of the core business
  - Supply Chain
    - Massdiscounters W Cape RDC progressing
    - Begun SAP F&R implementation into Makro
    - Builders Warehouse Import DC under design
    - Masscash new In-store IT system in rollout phase
  - Private Label
    - Trojan project proceeding well, other Group/Divisional Labels in development
    - Measurement systems almost complete
  - Financial Services
    - Massdiscounters Financial Services / RCS deal, will then relaunch Game card, and evaluate other Group opportunities

Update on Vision for Growth 2010

- New stores (from January 08)
    - Net 27 stores (36 open, 9 close, 3 convert, 9 relocate):
        - 15 Game (3 in Africa), 5 Dion Wired (closing 2 Dion)
        - 1 Makro
        - 3 CBW Hybrids
        - 5 Builder Warehouse, 2 Express, 2 Trade Depots
    - 160 000m^2, R4.5bn annualised turnover
    - Trading space growth:
        - 2008 3.4% (2.9% already opened)
        - 2009 5.8%
        - 2010 6.9%

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Update on Vision for Growth 2010

- Greenfield formats
  - Dion Wired successful - national rollout in planning
  - Masscash Hybrid performing well, slow finding new sites
  - Joe Owens appointed to lead project-team evaluating potential new formats
- Acquisitions
  - Continue to evaluate opportunities as they arise
  - Must comply strategically

Update on Vision for Growth 2010

- Sustainability
  - BEE
    - Estimated current score 46% - Level 6 Contributor
    - Struggling with poor Supplier compliance
  - Sustainable Development
    - Achieved Top Performer Status in Medium Environment Impact category in JSE SRI Index
    - Carbon Footprint project launched
    - Low-cost employee medical cover launched

Prospects & Risks

Massmart's 2008 Prospects

- Fundamentals still in place to support medium- to long-term growth regardless of short-term cycle, although the *uncertainty factor* is high:
  - Infrastructure investment
  - New houses in response to housing shortage
  - Employment
  - Social subsidies
  - GDP growth >4%
  - But await clarity on Eskom load-shedding & long-term impact
- Our mass-market business model well positioned strategically and tactically:
  - Cash-based
  - Highly efficient – high volume, low margin
  - Not over-stored
  - Balanced portfolio straddles the cycles

Massmart's 2008 Prospects

- Organic growth opportunities – planned three-year total space growth of 16.1%
- Exploring minor acquisitions
- In short-term:
  - Manage costs
  - Watch trading margins & keep inventory tight
  - Challenge minor capex & refurbishments
  - Market-share gains?
- Earnings growth in 2nd half of 2008 anticipated to higher than 1st half:
  - Makro's new store
  - Massbuild's poor 2nd half in 2006/7
  - Food inflation in Masscash
  - But uncertainly levels are high

Risks

- External
  - Economic growth / consumer confidence
  - Load-shedding (consumer confidence, economic growth, site approvals)
  - R/$ volatility
  - Executive skills shortage
  - Labour costs/strikes
  - The effect of crime on costs and staff morale
  - HIV/AIDS effect on our customers
- Internal
  - Maintaining control of a large, complex, trading business
  - Attracting, developing & retaining leadership, management competence & experienced skills

Dedicated to Value

Dedicated to Shareholder Value

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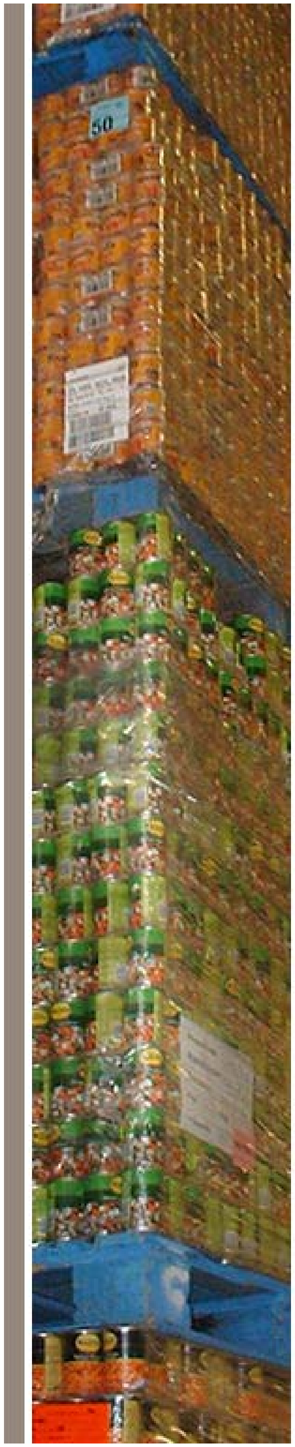
Additional Financial Data



Headline Tax Rate Reconciliation

	%
Standard tax rate	29.0
Disallowed expenses	2.0
Exempt income	(2.0)
Foreign income	0.8
Prior year	0.1
STC	2.3
Other	(0.6)
Group tax rate	**31.6**

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Analysis of Tax Charge

	Rm's
SA tax	286.8
STC	23.5
Deferred tax	20.5
Foreign tax	18.0
Foreign deferred tax	10.5
Income Statement Charge	**359.3**

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Capital Expenditure

Rm's	Dec 2007	Dec 2006
Land & buildings	5	4
Leasehold improvements	46	49
PPE	227	199
Computers	48	60
Motor vehicles	13	25
Sub-total	339	337
Goodwill & trademarks	14	24
Total	**353**	**361**

2008 Budget Capex R595m

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Headline Earnings Reconciliation

	Rm
Attributable earnings	762.9
Loss on fixed asset disposals	0.2
Tax effects on adjustments	(0.1)
Headline earnings	**763.0**

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Number of Shares

	(000's)
At June 2007	201 073
Shares issued	56
At December 2007	201 129
Weighted-average for period	199 451
Fully-diluted weighted average	206 048

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 6.59m 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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