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Dedicated to Value

Reviewed Results

for the 26 weeks to 25th December 2005

Presentation to Investors, Analysts and Media – February 2006

Agenda

- Financial & Operating Highlights
- Environment
- Operating & Financial Performance
- Strategy
- "Vision for Growth 2008" – Report Back
- Risks & Prospects

ADDENDA – Additional data

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Financial & Operating Highlights

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Financial highlights

Sales	Real Comparable Sales	Trading Profit	Headline Earnings	Headline Earnings Before Acquisitions
R15916m		R777m	R515m	R481m
14%	5.2%	35%	28%	20%

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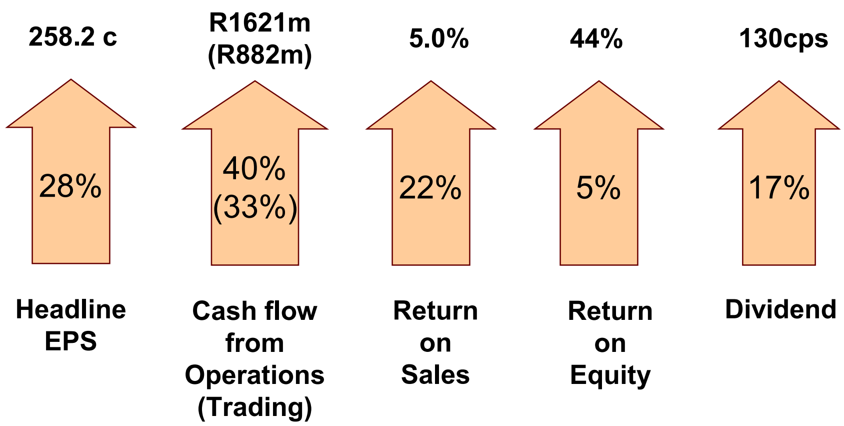
Financial highlights



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Operating Highlights

- Record first half sales of R15.9b, 6.4% of which was from 19 foreign stores in 9 countries
- With estimated average deflation of 0.0%, real comparable store sales grew 5.2% and real sales before acquisitions grew 7.8%.
- Consumer credit sales comprised 2% of Group sales.
- Trading profit grew almost three times faster than sales to R801m
  - 83% of the full year trading profit to June 2005
  - 8% from foreign stores

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Operating Highlights (cont.)

- Pre and post interest operating profit margins increased to 4.9% and 5.0% respectively.
- Store network increased to 222 (882 205 m sq) with the opening of 9 new stores with estimated annual sales of > R1.0b
- Average sales per store R136m

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Environment

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Environment

- Retail market buoyed by:
  - Structural change in consumer economy
  - Benign interest rate outlook
  - High consumer confidence
- Massmart performance enhanced by:
  - Slight inflationary pressures
  - Consumer investment in durables & home improvement
  - Slight improvement in the position of lowest income consumers
- Gradual declining trend in robust retail sales growth (Stats SA)

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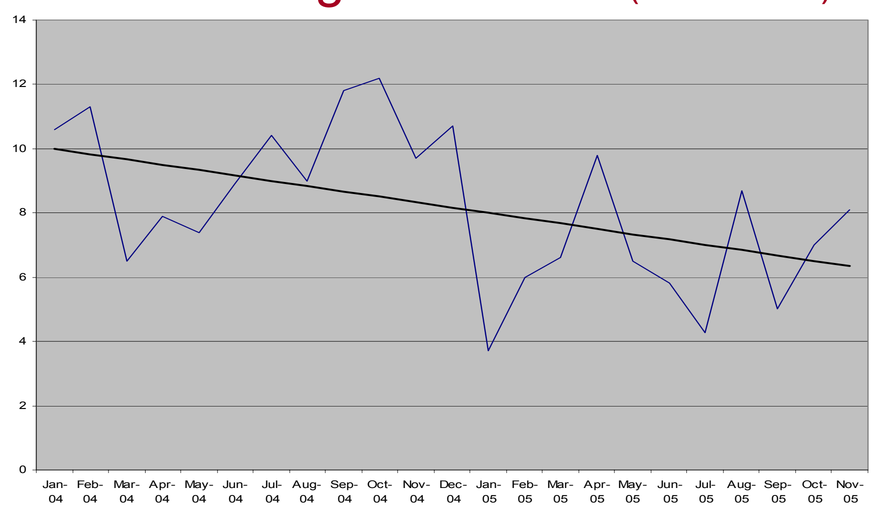
Retail sales growth trend (STATS SA)



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Operating & Financial Performance

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Inflation

- Group inflation for six months to December 2005:
  - General Merchandise * - 2.0%
  - Food + 1.4%
  - Liquor + 7.2%
  - Total 0%
- Inflation returned in Commodities
- Outlook for overall Group inflation remains benign, probably below +3.0% for year to June 2006 (this is Rand & oil dependant)

* General Merchandise includes Home Improvement

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IFRS

- Reporting for the first time
- Standards primarily affecting Massmart:
  - Share-based payments
  - Business combinations (intangibles & impairment)
  - Effects of changes in exchange rates
- Also now consolidate Makro Zimbabwe, under Hyperinflation Accounting
- All prior year figures restated

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Sales Growth Analysis

	%
Existing stores (*comparable* growth)	5.2
New stores	2.6
Acquisitions	7.5
Total sales growth	15.3

This sales growth figure excludes figures for Makro Zimbabwe

Acquisitions: Feds, De La Rey & Servistar

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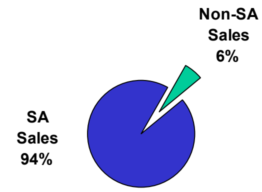
Sales



(Rm's)	2005	2004	% Chg	Comp. % Chg
Massdiscounters	4 196	3 966	*5.8*	*-0.2*
Masswarehouse	4 057	3 815	*6.3*	*5.9*
Massbuild	1 935	675	*186.7*	*17.4*
Masscash	5 728	5 488	*4.4*	*7.7*
Total	15 916	13 944	*14.1*	*5.2*

Masswarehouse comparable sales exclude Makro Zimbabwe.
Masscash comparable sales for CBW & Jumbo only.

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Store Portfolio

	MDisc	MWare	Mbuild	MCash	Total
July '05	72	*14	62	65	213
Acquired	-	-	-	1	1
Openings	4	-	2	2	8
Dec '05	76	*14	64	68	222

* Includes two Makro Zimbabwe stores

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Gross Profit

	2005	2004
	R2 401m	R2 003m
% of Sales	*15.1%*	*14.4%*

- Impact of higher margins in Builders Warehouse and Massbuild acquisitions
- Slightly higher GPs in Masscash and Masswarehouse
- Christmas trading boosts GPs, full-year figure likely to be lower (June 2005: 13.7%)

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Net Operating Costs

	2005	2004
	R1 623m	R1 428m
% of Sales	*10.2%*	*10.2%*

- Total increase of 13.7% before items below
- Figures include a Zimbabwe *monetary adjustment* i.t.o. Hyperinflation Accounting of +R7m (2004: -R104m)
- Adjusting for this, increase of 23%
- Before this and acquisitions, increase of 9%

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Lease Smoothing

- Total pre-tax lease adjustment R14m (2004: R30m)
- Non-cash adjustment
- Massdiscounters adjustment turned positive this year
- Negative adjustments in Makro, Massbuild and Masscash
- Due to new stores, Builders Warehouse lease-smoothing adjustment (in Massbuild) will be more severe going forward
- Not a linear trend – will be a step increase with each new store

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Forex Gains & Losses

Rm's	**2005**	**2004**
Massdiscounters	(14)	(23)
Trident	1	-
Other	(5)	1
AC 133	1	(6)
Total	(17)	(28)

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Changes in Exchange Rate

- IFRS has effectively de-linked the natural hedge accounting between certain foreign assets & liabilities
- In these cases, a translation gain could be accounted for in the Income Statement, while a translation loss may be accounted for in the Balance Sheet
- In Massdiscounters this increases the volatility of reported profits & losses on translation

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Divisional PBIT

(Rm's)	Year to December		
	2005	2004	%
MDD	351.9	299.8	*17.4*
Masswarehouse	167.6	107.5	*55.9*
Massbuild	146.2	73.2	*99.7*
Masscash	111.4	94.4	*18.0*
Total	777.1	574.9	*35.2*

PBIT = Profit before Interest & Tax

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Net Interest Paid

(Rm's)

	2005	2004
Massdiscounters	8.2	(2.2)
Masswarehouse	10.8	3.4
Massbuild	1.3	1.5
Masscash	3.5	(0.3)
Corporate	(42.1)	(9.4)
Total interest	(18.3)	(7.0)

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Divisional PBT

(Rm's)

	2005	2004	%
MDD	360.1	297.6	*21.0*
Masswarehouse	178.4	110.9	*60.9*
Massbuild	147.5	74.7	*97.5*
Masscash	114.9	94.1	*22.1*
Total	800.9	577.3	*38.7*

PBT = Profit before Tax

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Tax Charge

	2005	2004
Total	R234m	R164m
Total tax rate	*30.8%*	*31.4%*
Headline tax rate	*31.2%*	*29.0%*

- SA Corporate rate 29% (December 2004: 30%)
- STC 2.0% (2004: 0.1%). Higher due to distribution from share premium in the prior year

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Stock & Creditors

	Dec 2005		Dec 2004	
	Rms	Days	Rms	Days
Net Stock (1)	3 547	54	3 263	58
Trade Creditors (1)	5 823	69	5 273	70
Provisions & Accruals	1 498	-	1 162	-

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

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Debtors

	Dec 2005		Dec 2004	
	Rms	Days	Rms	Days
Trade Debtors (1)	1 200	53	1 139	52
Consumer Debtors (2)	274	183	268	213

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

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Depreciation

Rm's	2005	2004
Depreciation	101	71
Replacement Capex	72	131
Investment Capex	114	148

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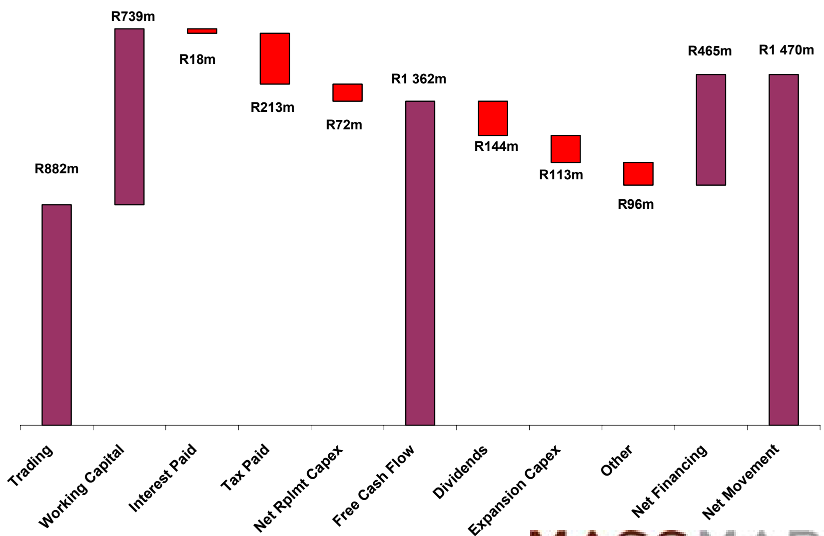
Cashflow Analysis



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Gearing

- Average net gearing of 17%
- Two R250m five-year loans signed during the period
- Depending upon Competition Tribunal approval of Moresport acquisition, may be raising permanent preference share capital:
  - R500m
  - Floating, linked to prime interest rate
  - Possibly in April?

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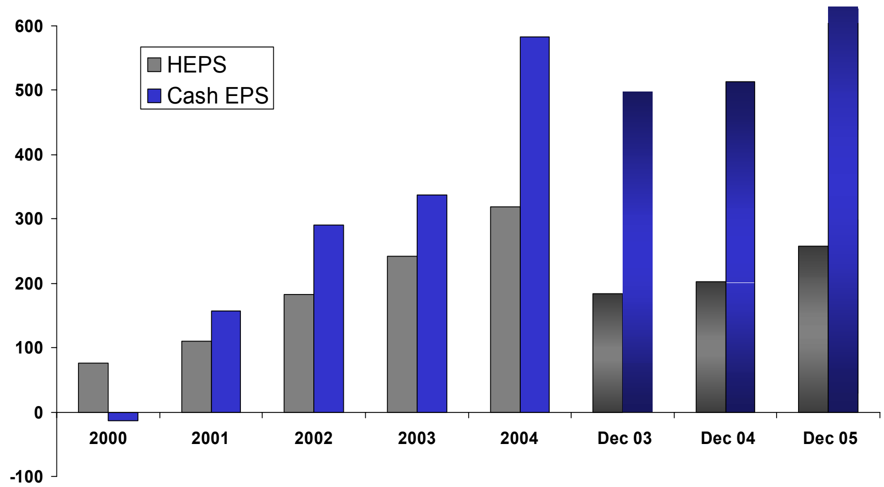
Cash Earnings



HEPS – Headline Earnings per Share (cents)

Cash EPS – Cash from Operating Activities, before dividends paid

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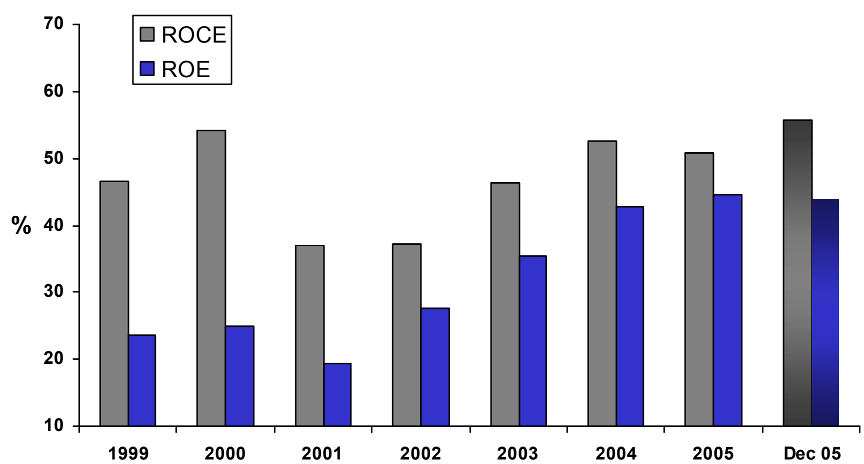
Returns (IFRS and Lease-smoothing from 2004 only)



ROCE - EBITA / Average Capital Employed

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

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Strategy

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Competitive Growth Strategy

- Three major thrusts:
  - Build portfolio through acquisitive & organic growth, based on category expertise
  - Mitigate portfolio costs through internal collaboration & joint initiatives (not centralised)
  - Incentivise for alignment
- Implementing for 18 years – 15 major acquisitions, 39% organic growth
- Resulted in Massmart being:
  - 3rd largest retail business on African continent
  - 161st largest retailer in world (Deloitte)
  - 24th fastest growing of worlds largest 250 retailers over past 5 years (Deloitte)

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Strategy implemetation

- Specific plans and objectives for:
  - Real sales growth from existing outlets
  - Expansion into new categories & formats
  - New outlets
  - Relocation, right sizing & refurbishment of selected outlets
  - Selected acquisitions that conform to Massmart's strategic & financial criteria
  - Net margin growth
- Additional emphasis
  - **Simplify for efficiency, expense reduction & management leverage (ROEffort)**

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Strategy implementation

Plans & Objectives	Progress to December 2005
Continued real sales growth from existing outlets	• 5.2%
Expansion into new categories & formats	• New categories/products in GM & HI • Small Game stores • Latest format Builders Warehouse
New outlets	• 9 new stores • Estimated annualised sales >R1.0b
Selected acquisitions that conform to Massmart's strategic & financial criteria	• Integration of HI businesses • Moresport pending Competitions Tribunal ruling
Simplify structures & processes to reduce expenses & leverage management capability	• Integrated Tile Warehouse into BW • Sold Furnex

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"Vision for Growth 2008" - Report Back

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"Vision for Growth 2008" is about…..

- Refined organisation & management structure (focussed leadership & reporting)
  - Executive Committee now 11 people
  - Average age 41, 25 degrees, average 14 years trading experience, 100 years service with Massmart/subsidiaries

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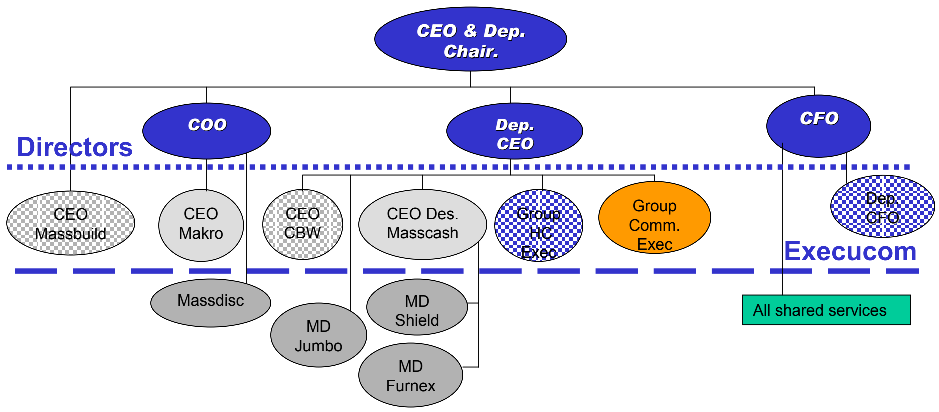
Leadership structure (February 2006)



Divisions Manage: Focused Retail/Wholesale Business Units

Responsibility: Day to day operating performance

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

Responsibility: Delivering strategic value to shareholders

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

"Vision for Growth 2008" is about…..

- Refined organisation & management structure (focussed leadership & reporting)
- Refined market focus (profitable sales)
  - Low return high risk business curtailed
  - Concluded largest ever market research into GM, HI, C&C markets (market positioning chains, customer awareness perceptions brands, shopping frequency, attractors & repellors, strengths & weaknesses)

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"Vision for Growth 2008" is about…..

- Refined organisation & management structure (focussed leadership & reporting)
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- Merchandise & marketing innovation (real comparable growth & pricing power)

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- 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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- 3 year Growth Vectors (expanding footprint)

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Growth Vectors (Progress to December ’05)

- Africa (cautious progress)
  - 2008 target – 5 Game (R0.5b)
  - 2006 H1 – Game Nigeria
  - Present commitment – 3 Game
- FMCG wholesaling (slow growth for cash & returns)
  - 2008 target 5 CBW & 1 Jumbo stores (R0.75b)
  - 2006 H1 – 1 CBW & 1 Jumbo
  - Present committment – 2 CBW
- Home improvement (growth for market leadership)
  - 2008 target – 7 BW, 2 De La Rey, 9 Servistar (R1.5b)
  - 2006 H 1 – 1 BW
  - Present commitment – 3 BW, 2 De La Rey, 2 Sevistar

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Growth Vectors (Progress to December '05)

- Opportunities under research – Game RSA, smaller format Game, reposition Dion (exploit when proven)
  - 2008 target 4 L Games, 22 S Games (R1.35b)
  - 2006 H 1 – 1 L Game, 2 S Games
  - Present commitment – 3 L Games, 10 S Games

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- Acquisitions
  - Moresport pending

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- Acquisitions (enhancing portfolio)
- Margin improvement (enhancing productivity)

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Progress towards targeted PBT ROS

(%)	Target	**H1 '06	International benchmark
M'discounters	*7.0%*	**8.6%**	Walmart ex food 7.4%
M'warehouse	*4.0%*	**4.4%**	Metro AG C&C 5.0%
M'build	*8.0%*	**7.6%**	Home Depot/B&Q 10.0%
M'cash	*3.0%*	**2.0%**	N/A 3.0%
Group	**5.8%*	**5.0%**	**6.2*

* Proforma using H1 2006 sales
** Sales & profit weighting towards H1 makes this higher than full year

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- Collaboration (whole > sum of parts)

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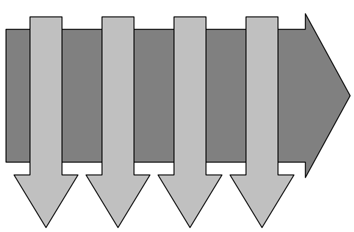
Business Model

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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- Margin improvement (enhancing productivity)
- Collaboration (whole > sum of parts)
- BEE (alignment with national imperative)
  - Accelerating progress with all 7 dimensions (DTI)
  - Code provided clarity

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- Collaboration (whole > sum of parts)
- BEE (alignment with national imperative)
- Governance (stakeholder protection)
  - Compliant
  - JSE Sustainability index

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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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- Improved margins
- Full year EPS growth higher than 2005 **(may be lower than H1 06)**

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Dedicated to Value

Dedicated to Shareholder Value

www.massmart.co.za

Additional Financial Data

Headline Tax Rate Reconciliation

	%
Standard tax rate	*29.0*
Disallowed expenses	1.4
Exempt income	-1.8
Foreign income	0.4
Prior year	-0.2
STC	2.0
Other	0.4
	31.2

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Analysis of Tax Charge

	R'm
Current tax	222.0
Deferred tax	(4.4)
Foreign tax	18.4
Foreign deferred tax	(2.4)
Income Statement Charge	233.6

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Capital Expenditure

(Rm's)	Dec 05	Dec 04
Land & buildings	6	55
Leasehold improvements	33	32
PPE	99	158
Computers	26	19
Motor vehicles	11	7
Sub-total	175	271
Goodwill	10	8
Total	185	279

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Headline Earnings Reconciliation

	Rm's
Attributable earnings	515.1
Profit on fixed asset disposals	(0.6)
Headline earnings	514.5

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Number of Shares

	(000's)
At 26 June 2005	199 641
Shares issued	100
At 25 December 2005	199 741
Weighted-average for period	199 293
Fully-diluted weighted average	206 006

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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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