Agenda

• 2007 Environment
• 2007 Highlights
  – Strategic, Structural, Trading & Financial
• 2007 Operating & Financial Performance
• Strategy
• “Vision for Growth 2010”
• Risks & Prospects

ADDENDA – Additional data
Environment
Environment

• Retail market buoyed by:
  – Growth in real disposable income despite rising interest rates (increase in formal employment / structural change in South African consumer profile)
  – High consumer confidence

• Massmart performance enhanced by:
  – Low cash prices amidst increasing aversion to credit
  – Gradually rising inflation
  – Continued consumer investment in durables & home improvement
  – Slight improvement in the position of middle & low income consumers
Environment

• Challenges
  – Skills shortage (professional, specialist, managerial & leadership)
  – Capacity constraints (utilities, manufacturing supply)
  – Inefficient public service (licensing, provincial anomalies)
  – Crime
2007 Highlights
Strategic, Structural, Trading & Financial
Strategic highlights

• Excellent strategic execution across all divisions
• Massdiscounters
  – extraordinary store development (openings, closures, conversions)
  – clothing discontinued
  – Dion Wired trialled
• Masswarehouse
  – new store format defined to improve customer service
• Massbuild
  – re-branding, systems conversions, management changes, head office rationalisation, largely complete
• Masscash
  – Jumbo & Shield integrated under Masscash team
  – new hybrid format trialled
Structural highlights

• Organisation & management structures simplified to eliminate complexity & cost
• Board strengthened (Five of 14 member Board PDI - 3 women)
• Seamless CEO transition
• More efficient Executive Committee
• Higher calibre Divisional Executive teams
• Increased focus on & investment in Human Capital development (Massmart University / Graduate Development Programme)
• 14 500 empowered staff (Thuthukani)
Trading highlights

• Continuous pursuit of quality innovative merchandise
• Aggressive marketing
• Unwavering dedication to high volume, low gross margin, low expense ethos (R137m sales per store R33k sales per m²)
• Increased inventories to enhance customer service in the face of erratic supplies
• Store network increased to 238 (994 277 m²) with the opening of 20 new stores with estimated annual sales of > R1.5b
Financial highlights

- **Sales**: R34 808m, 16%
- **Comparable Sales**: R1 754m, 12.5%
- **Trading Profit**: R1 092m, 32%
- **Headline Earnings**: R1 147m, 31%
- **Headline Earnings Before BEE Transaction**: 37%
Financial highlights (cont.)

- **Headline EPS**: 28.9%
- **Cash flow from Operations (Trading)**: 5% (24%)
- **Pre Tax Return on Sales**: 8%
- **Return on Equity**: 6%
- **Dividend**: 52%

- **R1 892m (R1 920m)**
- **320cps**
Financial highlights (cont.)

• Record sales of R34.8billion, of which 1.3% were credit & 6% foreign
• With estimated average inflation of 4.9%, real comparable store sales grew 7.6%
• Trading profit grew more than twice as fast as sales to R1.9b
• Pre and post interest trading profit margins at 5.0% and 5.4% respectively >5% for the first time
• Pre and post interest operating profit margins increased to 4.8% and 4.7% respectively
• Profit after tax at R1.07b >R1b for the first time
## Progress towards targeted Trading PBT ROS

<table>
<thead>
<tr>
<th>(%)</th>
<th>FY‘07</th>
<th>Medium term Target</th>
<th>International benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>M’discounters</td>
<td>7.3%</td>
<td>8.0%</td>
<td>Walmart ex food 7.4%</td>
</tr>
<tr>
<td>M’warehouse</td>
<td>6.1%</td>
<td>5.0%</td>
<td>Metro AG C&amp;C 5.0%</td>
</tr>
<tr>
<td>M’build</td>
<td>7.7%</td>
<td>9.0%</td>
<td>Home Depot/B&amp;Q 10.0%</td>
</tr>
<tr>
<td>M’cash</td>
<td>2.6%</td>
<td>3.0%</td>
<td>Makro S. America 3.0%</td>
</tr>
<tr>
<td>Group</td>
<td>5.4%</td>
<td>*5.7%</td>
<td>*5.7%</td>
</tr>
</tbody>
</table>

Figures are Trading PBT ROS%
* Proforma using 2007 sales
Sales growth

Compound Annual Growth to June 2007

- 23% p.a. since founding
- 22% p.a. 10 years
- 19% p.a. since listing
EBITA growth

Compound Annual Growth to June 2007
- 41% p.a. since founding
- 47% p.a. 10 years
- 36% p.a. since listing
At 30th June 2007 Massmart had a …

- **Strategy** that was rigid enough to ensure market differentiation, management focus & shareholder understanding, but flexible enough to allow an entrepreneurial response to change & opportunities

- **Structure** that was formal enough to ensure oversight & control, but informal enough to allow rapid communication, candid rapport & critique

- **Leadership** cadre with the competence, confidence & intellect to interpret their individual & collective experiences & integrate the learning into their philosophies, principles & judgement
At 30th June 2007 Massmart had a …

• Portfolio of four focused divisions, each a low price leader in its chosen sector, differentiated by market positioning, merchandise mix, business model & cash characteristics, but bound by a common dedication to high volume, low gross margin, low cost distribution & the pursuit of additional value through collaboration
The Massmart Portfolio

At June 2007, 4 Boards & 4 Divisional CEO’s controlled 7 brands & 9 formats
At 30th June 2007 Massmart had a …

• **Portfolio** of four focused divisions, each a low price leader in its chosen sector, differentiated by market positioning, merchandise mix, business model & cash characteristics, but bound by a common dedication to high volume, low gross margin, low cost distribution & the pursuit of additional value through collaboration

• **Record** of transparent excellence in every facet of endeavor

• **Platform** for sustained superior performance
In conclusion.....

“My conviction that the new leadership of Massmart is relatively better able to read and respond to future environmental and industry change than its predecessors, or the leadership of its competitors.”

Mark J. Lamberti – Final Board report as CEO
2007 Operating & Financial Performance
Sales

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
<th>% Chg</th>
<th>Comp. % Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Massdiscounters</td>
<td>9 425</td>
<td>8 096</td>
<td>16.4</td>
<td>6.8</td>
</tr>
<tr>
<td>Makro</td>
<td>8 640</td>
<td>7 661</td>
<td>12.8</td>
<td>14.4</td>
</tr>
<tr>
<td>Massbuild</td>
<td>4 948</td>
<td>3 893</td>
<td>27.1</td>
<td>13.6</td>
</tr>
<tr>
<td>Masscash</td>
<td>11 795</td>
<td>10 314</td>
<td>14.4</td>
<td>15.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34 808</strong></td>
<td><strong>29 964</strong></td>
<td><strong>16.2</strong></td>
<td><strong>12.5</strong></td>
</tr>
</tbody>
</table>

Masscash comparable sales for CBW & Jumbo only.

Total Makro sales growth includes Zimbabwe in 2006, comparable excludes.

Furnex sales excluded from 2006 (R480m)
Group inflation for year to June 2007:

- General Merchandise  \(+0.5\)
- Home Improvement  \(+6.5\)
- Food & Liquor  \(+8.1\)
- Total  \(+4.9\)
## Store Portfolio

<table>
<thead>
<tr>
<th></th>
<th>Massdiscounters</th>
<th>Makro</th>
<th>Massbuild</th>
<th>Masscash</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2006</td>
<td>80</td>
<td>*12</td>
<td>65</td>
<td>69</td>
<td>226</td>
</tr>
<tr>
<td>Acquired</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Closed</td>
<td>(3)</td>
<td>-</td>
<td>(3)</td>
<td>(2)</td>
<td>(8)</td>
</tr>
<tr>
<td>Openings</td>
<td>13</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>15</td>
</tr>
<tr>
<td>June ’07</td>
<td>90</td>
<td>*12</td>
<td>64</td>
<td>72</td>
<td>238</td>
</tr>
</tbody>
</table>

* Excludes two Makro Zimbabwe stores

**MASSMART**
Trading Space

• Net new space 35 021m²
  – Opened 46 586m²
  – Acquired 10 178m²
  – Closed 21 740m²
• Closing space 994 277m²
• 3.7% net space growth (unweighted)
Sales Growth Analysis

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing stores (comparable growth)</td>
<td>12.5</td>
</tr>
<tr>
<td>New stores</td>
<td>3.7</td>
</tr>
<tr>
<td>Total sales growth</td>
<td>16.2</td>
</tr>
</tbody>
</table>

Eight-week sales update: 13.4% total, 11.2% comparable

*June 2008 is a 53-week trading period*
Gross Profit

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Sales</td>
<td>18.3%</td>
<td>17.7%</td>
</tr>
<tr>
<td>R5 314m</td>
<td>R6 372m</td>
<td>R5 314m</td>
</tr>
</tbody>
</table>

- Portfolio effect – higher Massbuild margin
- Food inflation – slightly higher CBW margin
Operating Costs

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Costs</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>R4 823m</td>
<td>13.9%</td>
</tr>
<tr>
<td>2006</td>
<td>R4 097m</td>
<td>13.7%</td>
</tr>
</tbody>
</table>

- 17.7% increase, including:
  - Store pre-opening costs R48m (2006: R38m)
  - Total IFRS 2 charge R73m (2006: R17m)
  - Forex loss R41m (2006: R33m gain)

- Adjusting for these: 14.4% increase

Excludes Impairment of Assets
Employment Costs

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>R2 450m</td>
<td>R2 079m</td>
</tr>
<tr>
<td>% of Sales</td>
<td>7.0%</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

- 17.8% increase, including:
  - IFRS 2 charges R73m (2006: R17m)
- Adjusting for this: 15.3% increase
- 10% increase in staff (FTEs)
Occupancy Costs

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>R846m</td>
<td>R741m</td>
</tr>
<tr>
<td>% of Sales</td>
<td>2.4%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

- 14% increase
- Lease-smoothing flattens this growth
- Store portfolio “churn” will stabilise this at 2.4%-2.5%
Depreciation

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Sales</td>
<td>0.69%</td>
<td>0.68%</td>
</tr>
<tr>
<td></td>
<td>R241m</td>
<td>R203m</td>
</tr>
</tbody>
</table>

- 18.7% increase
- Will increase ahead of sales growth from new stores and refurbishments
## Forex Gains & Losses

<table>
<thead>
<tr>
<th>Rm’s</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Massdiscounters</td>
<td>(18.1)</td>
<td>17.6</td>
</tr>
<tr>
<td>Other</td>
<td>(2.3)</td>
<td>(3.1)</td>
</tr>
<tr>
<td>AC 133</td>
<td>(21.0)</td>
<td>18.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>(41.4)</strong></td>
<td><strong>33.3</strong></td>
</tr>
</tbody>
</table>
## Divisional PBIT

<table>
<thead>
<tr>
<th></th>
<th>Year to June</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2006</td>
</tr>
<tr>
<td>Massdiscounters</td>
<td>634.2</td>
<td>546.4</td>
</tr>
<tr>
<td>Masswarehouse</td>
<td>466.7</td>
<td>288.3</td>
</tr>
<tr>
<td>Massbuild</td>
<td>363.0</td>
<td>290.4</td>
</tr>
<tr>
<td>Masscash</td>
<td>290.0</td>
<td>208.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1 753.9</strong></td>
<td><strong>1 333.5</strong></td>
</tr>
</tbody>
</table>

PBIT = Profit before Interest & Tax and asset impairment
Figures exclude Furnex in both years
## Net Interest Paid

(Rm’s)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Massdiscounters</td>
<td>52.3</td>
<td>30.0</td>
</tr>
<tr>
<td>Masswarehouse</td>
<td>58.6</td>
<td>29.6</td>
</tr>
<tr>
<td>Massbuild</td>
<td>16.8</td>
<td>6.4</td>
</tr>
<tr>
<td>Masscash</td>
<td>13.8</td>
<td>13.2</td>
</tr>
<tr>
<td>Corporate</td>
<td>(185.9)</td>
<td>(111.4)</td>
</tr>
<tr>
<td><strong>Total interest</strong></td>
<td><strong>(44.4)</strong></td>
<td><strong>(32.2)</strong></td>
</tr>
</tbody>
</table>

Corporate includes R18m “SARS settlement”
## Divisional PBT

(Rm’s)

<table>
<thead>
<tr>
<th>Division</th>
<th>2007</th>
<th>2006</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Massdiscounters</td>
<td>686.3</td>
<td>576.4</td>
<td>19.1</td>
</tr>
<tr>
<td>Masswarehouse</td>
<td>525.4</td>
<td>317.9</td>
<td>65.3</td>
</tr>
<tr>
<td>Massbuild</td>
<td>379.8</td>
<td>296.8</td>
<td>28.0</td>
</tr>
<tr>
<td>Masscash</td>
<td>303.9</td>
<td>221.6</td>
<td>37.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1895.4</td>
<td>1412.7</td>
<td>33.2</td>
</tr>
</tbody>
</table>

PBT = Profit before Tax & asset impairment and corporate interest payment
Figures exclude Furnex in 2006.
## Tax Charge

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>R555m</td>
<td>R445m</td>
</tr>
<tr>
<td>Total tax rate</td>
<td>34.1%</td>
<td>34.3%</td>
</tr>
</tbody>
</table>

- Effective rate 32.3% (2006: 32.8%)
- Not tax deductible: R73m IFRS 2 and R18m interest
- 2006 included R20m deferred tax impairment
- Higher dividend: STC 3.6% (2006: 3.2%)
# Stock & Creditors

<table>
<thead>
<tr>
<th></th>
<th>Rms</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>June 2007</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Stock (1)</td>
<td>4,027</td>
<td>51.7</td>
</tr>
<tr>
<td>Trade Creditors (1)</td>
<td>5,286</td>
<td>59.5</td>
</tr>
<tr>
<td>Provisions &amp; Accruals</td>
<td>936</td>
<td>-</td>
</tr>
<tr>
<td><strong>June 2006</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Stock (1)</td>
<td>3,221</td>
<td>46.8</td>
</tr>
<tr>
<td>Trade Creditors (1)</td>
<td>4,604</td>
<td>58.7</td>
</tr>
<tr>
<td>Provisions &amp; Accruals</td>
<td>798</td>
<td>-</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>June 2007</th>
<th></th>
<th>June 2006</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rms</td>
<td>Days</td>
<td>Rms</td>
<td>Days</td>
</tr>
<tr>
<td>Trade Debtors (1)</td>
<td>1 386</td>
<td>12.8</td>
<td>1 239</td>
<td>13.1</td>
</tr>
<tr>
<td>Consumer Debtors (2)</td>
<td>322</td>
<td>247</td>
<td>371</td>
<td>261</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Rm’s</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>241</td>
<td>203</td>
</tr>
<tr>
<td>Replacement Capex</td>
<td>142</td>
<td>170</td>
</tr>
<tr>
<td>Investment Capex</td>
<td>318</td>
<td>184</td>
</tr>
<tr>
<td>New businesses</td>
<td>160</td>
<td>-</td>
</tr>
</tbody>
</table>

*2008 Budget capex R595m*
Capital Expenditure

Capex excludes goodwill on CBW minorities' buyouts and all acquisitions

MASSMART
Group Gearing

• Group gearing maintained through higher capex, lower dividend cover and R313m share buyback (2006: R148m)
• Using R403m medium-term debt and shareholders’ equity: gearing of 18% (2006: 26%)
• Using medium-term debt, estimated PV of lease obligations, and market capitalisation: gearing of 24% (2006: 45%)
Cashflow Analysis

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading</td>
<td>R1 976m</td>
</tr>
<tr>
<td>Working Capital</td>
<td>R28m</td>
</tr>
<tr>
<td>Interest Paid</td>
<td>R44m</td>
</tr>
<tr>
<td>Tax Paid</td>
<td>R532m</td>
</tr>
<tr>
<td>Net Rplcmnt Capex</td>
<td>R142m</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>R1 230m</td>
</tr>
<tr>
<td>Dividends</td>
<td>R565m</td>
</tr>
<tr>
<td>Expansion Capex</td>
<td>R478m</td>
</tr>
<tr>
<td>Other</td>
<td>R282m</td>
</tr>
<tr>
<td>Net Movement</td>
<td>R166m</td>
</tr>
</tbody>
</table>
Cash Earnings

HEPS – Headline Earnings per Share (cents)
Cash EPS – Cash from Operating Activities, before dividends paid
Returns (IFRS and Lease-smoothing from 2004)

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
- 10% share issue pre-dilution
- Total IFRS 2 charge R372.8m
- IFRS 2 charge to be expensed over six years
- Estimated June 2008: R76.2m
- Non-cash and no tax relief
- BEE scheme dividend will not affect Headline earnings but affects HEPS (2007: 4.4 cents)
- BEE Dividend:
  - June 2007 – 25% of ordinary
  - June 2008 – 50%
  - Thereafter 75% & 100%
Shareholding – June 2007

JSE General Retailers average foreign holding 29.5% at June 2007

Source: JPMorgan Cazenove
Strategy
Strategy

• Annual Strategic Review completed
• No Change to Strategy required
  – sub-Saharan African
  – low expenses and cash generative sales to underpin price leadership
  – we operate large stores
  – we are category-focused in General Merchandise, Food and Liquor
  – each operating Division is both differentiated and complementary
  – with their own management team
  – supported by Service Divisions
  – highly incentivised on growth
Strategy

- Annual Strategic Review completed
- No Change to Strategy required
- But now that the simplification process has been completed
The Massmart Portfolio

MASSMART HOLDINGS
238 Stores

MASSDISCOUNTERS
GM discounters > LSM 5 - 10
90 stores

MASSBUILD
DIY HI Outlets > LSM 6 - 10
64 stores

MASSWAREHOUSE
Warehouse Club > LSM 5 - 10
12 stores

MASSCASH
Food cash & carry > LSM 2 - 5
72 stores
Strategy

- Annual Strategic Review completed
- Only refinements and updates required to the Strategy
- But now that the simplification process has been completed
- Vision 2010 calls for a greater external focus
“Vision for Growth 2010” is about…..

• Leadership excellence (focused competence)
  – Executive Committee Depth
    • Guy Hayward - CFO CA 42
    • Joe Owens - Massbuild 58
    • Robin Wright - Masscash CA 51
    • Kevin Vyvyan-Day - Masswarehouse CA 42
    • Jan Potgieter - Massdiscounters CA 38
    • Jay Currie - Commercial Executive Bsc 33
    • Pearl Maphoshe - Human Capital Executive BA 39
    • Brian Leroni - Corporate Affairs Executive BA/Bph 43
    • Aubrey Cimring - Deputy CEO Massbuild CA 36
“Vision for Growth 2010” is about…..

• Leadership excellence (focused competence)
  – Executive Committee Depth
  – Strong Divisional executive team
    • 36 Divisional executives average age (40yrs), degrees (58), average retail experience (16yrs)
    • Succession
    • Massmart University
“Vision for Growth 2010” is about…..

- Leadership excellence (focused competence)
- Growth of the core business (value drivers)
  - Comparable sales above GDP plus CPIX, GMRoM
  - Merchandise intensity
  - Aggressive trading
  - Margin management through mix
  - Space optimisation (macro and micro)
“Vision for Growth 2010” is about…..

• Leadership excellence (focused competence)
• Growth of the core business (value drivers)

• New stores (expanding footprint)
  – Store portfolio optimisation (penetrating markets & sweating assets)
  – 50 Stores (60 Open, 10 Close), 197,500m², R5.4bn
    • 15 Game, 6 Dion Wired
    • 3 Makro
    • 4 CBW
    • 8 Builder Warehouse, 8 Express, 6 Trade Depots
“Vision for Growth 2010” is about…..

• Leadership excellence (focused competence)
• Growth of the core business (value drivers)
• New stores (expanding footprint)

• Greenfield formats
  – Dion Wired. First two stores successful. Gateway November 07, Kolonade March 08. Looking for a potential 10 additional sites (under research)
  – Masscash hybrid. First three stores operating successfully. Next three stores in planning. Looking for a potential 20 additional sites (under research)
  – Scan for other opportunities to leverage Divisional capabilities
“Vision for Growth 2010” is about…..

- Leadership excellence (focused competence)
- Growth of the core business (value drivers)
- New stores (expanding footprint)
- Greenfield formats
- Acquisitions (enhancing portfolio)
  - Apply our strict acquisition criteria
  - 5th Division opportunities?
“Vision for Growth 2010” is about.....

- Leadership excellence (focused competence)
- Growth of the core business (value drivers)
- New stores (expanding footprint)
- Greenfield formats
- Acquisitions (enhancing portfolio)
- Supply Chain
  - Investment in systems and processes to improve service levels and productivity
  - New Massdiscounters Durban warehouse opened, Game RDC March 08
  - Expand BW Warehouse
  - DFR, space planning
“Vision for Growth 2010” is about…..

- Leadership excellence (focused competence)
- Growth of the core business (value drivers)
- New stores (expanding footprint)
- Greenfield formats
- Acquisitions (enhancing portfolio)
- Supply Chain
- Private Label
  - Divisional and shared approach
  - Global brand management standards
  - Exclusivity and enhanced margin
“Vision for Growth 2010” is about:

- Leadership excellence (focused competence)
- Growth of the core business (value drivers)
- New stores (expanding footprint)
- Greenfield formats
- Acquisitions (enhancing portfolio)
- Supply Chain
- Private Label
- Financial Services
  - Explore 3rd party relationships to leverage our customer base
  - Encourage competition in credit switching market and bring down costs
“Vision for Growth 2010” is about.....

• Leadership excellence (focused competence)
• Growth of the core business (value drivers)
• New stores (expanding footprint)
• Greenfield formats
• Acquisitions (enhancing portfolio)
• Supply Chain
• Private Label
• Financial Services

• Sustainability
  • BEE (alignment with national imperative)
  • Environment
Prospects & Risks
### Medium Term targeted Trading PBT ROS

<table>
<thead>
<tr>
<th>(%)</th>
<th>FY‘07</th>
<th>Medium term Target</th>
<th>International benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>M’discounters</td>
<td>7.3%</td>
<td>8.0%</td>
<td>Walmart ex food 7.4%</td>
</tr>
<tr>
<td>M’warehouse</td>
<td>6.1%</td>
<td>6.0%</td>
<td>Metro AG C&amp;C 5.0%</td>
</tr>
<tr>
<td>Massbuild</td>
<td>7.7%</td>
<td>9.0%</td>
<td>Home Depot/B&amp;Q 10.0%</td>
</tr>
<tr>
<td>Masscash</td>
<td>2.6%</td>
<td>3.0%</td>
<td>Makro S. America 3.0%</td>
</tr>
<tr>
<td>Group (trading)</td>
<td>5.4%</td>
<td>*6.0%</td>
<td>*5.7%</td>
</tr>
</tbody>
</table>

Figures are Trading PBT ROS

* Proforma using 2007 sales
Massmart’s 2008 Prospects

- Interest rates are being raised in response to inflation pressures in the market
- Interest rate increases are impacting retail sales growth
Retail sales growth trend

(STATS SA – 41 months)
Massmart’s 2008 Prospects

• Interest rates are being raised in response to inflation pressures in the market
• Interest rate increases are impacting retail sales growth
• Although not necessarily guaranteed into the future, historically, higher inflation (corresponding to periods of higher interest rates), benefits our sales
Prime Versus Comp Sales Growth

R² = 0.7609
Massmart’s 2008 Prospects

- Interest rates are being raised in response to inflation pressures in the market
- Interest rate increases are impacting retail sales growth
- Although not necessarily guaranteed into the future, historically higher inflation, benefits our sales
- We should therefore, on a relative basis, perform better in times of higher inflation and interest rates
- Fundamentals still in place to support medium to long term growth regardless of short term cycle
  - Infrastructure investment
  - New houses in response to housing shortage
  - Employment
  - Social subsidies
  - GDP growth >4%
Massmart’s 2008 Prospects

- Interest rates are being raised in response to inflation pressures in the market
- Interest rate increases are impacting retail sales growth
- Although not necessarily guaranteed into the future, historically higher inflation, benefits our sales
- We should therefore, on a relative basis, perform better in these times.
- Fundamentals still in place to support medium to long term growth regardless of short term cycle
- Our mass-market business model still well positioned strategically
- Satisfactory organic growth opportunities (Capex R595m)
- Focused on growing profits ahead of sales
Risks

• External
  – Economic growth / consumer confidence
  – 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 Shareholder Value

www.massmart.co.za
Additional Financial Data
Headline Tax Rate Reconciliation

<table>
<thead>
<tr>
<th>Description</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard tax rate</td>
<td>29.0</td>
</tr>
<tr>
<td>Disallowed expenses</td>
<td>3.1</td>
</tr>
<tr>
<td>Exempt income</td>
<td>(2.3)</td>
</tr>
<tr>
<td>Foreign income</td>
<td>1.3</td>
</tr>
<tr>
<td>Prior year</td>
<td>(0.4)</td>
</tr>
<tr>
<td>STC</td>
<td>3.6</td>
</tr>
<tr>
<td>Other</td>
<td>(0.2)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>34.1</td>
</tr>
</tbody>
</table>

**Total**
## Analysis of Tax Charge

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (R’m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SA tax</td>
<td>479.3</td>
</tr>
<tr>
<td>STC</td>
<td>58.1</td>
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<tr>
<td>Deferred tax</td>
<td>7.5</td>
</tr>
<tr>
<td>Foreign tax</td>
<td>20.5</td>
</tr>
<tr>
<td>Foreign deferred tax</td>
<td>(10.6)</td>
</tr>
<tr>
<td><strong>Income Statement Charge</strong></td>
<td><strong>554.8</strong></td>
</tr>
</tbody>
</table>
## Capital Expenditure

(Rm’s) | June 07 | June 06 |
--- | --- | --- |
Land & buildings | 3 | 4 |
Leasehold improvements | 48 | 49 |
PPE | 275 | 199 |
Computers | 113 | 60 |
Motor vehicles | 32 | 25 |
**Sub-total** | **471** | **337** |
Goodwill | 164 | 24 |
**Total** | **635** | **361** |
# Headline Earnings Reconciliation

<table>
<thead>
<tr>
<th>Description</th>
<th>Rm’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attributable earnings</td>
<td>1,058.8</td>
</tr>
<tr>
<td>Impairment of assets</td>
<td>24.1</td>
</tr>
<tr>
<td>Loss on fixed asset disposals</td>
<td>0.7</td>
</tr>
<tr>
<td>Loss on disposal of Furnex</td>
<td>6.2</td>
</tr>
<tr>
<td>CGT on sale of treasury shares</td>
<td>2.4</td>
</tr>
<tr>
<td><strong>Headline earnings</strong></td>
<td><strong>1,092.2</strong></td>
</tr>
</tbody>
</table>
## Number of Shares

<table>
<thead>
<tr>
<th></th>
<th>(000’s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>At June 2006</td>
<td>201 041</td>
</tr>
<tr>
<td>Shares issued</td>
<td>32</td>
</tr>
<tr>
<td>At June 2007</td>
<td>201 073</td>
</tr>
<tr>
<td>Weighted-average for period</td>
<td>200 461</td>
</tr>
<tr>
<td>Fully-diluted weighted average</td>
<td>204 037</td>
</tr>
</tbody>
</table>
Targets

Group Annual ROS > 6%
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)