MASSMART Walmart

Dedicated to Value

Massmart Reviewed Results
for the 52 weeks to 26 June 2011

Presentation to Investors, Analysts and Media
August 2011

Saving people money so they can live better

June 2011
Financial Performance

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Brief Overview of FY2011

Income Statement:

- Steady sales & good volume growth
- Improving margins
- Effective cost control – comparable expenses +5.4%. Total expenses higher due to investing in stores & capacity
- Capex & higher inventory levels in 2H impacted net interest

Once-off costs:

- Walmart transaction
- Disposal of Makro Zimbabwe

Balance Sheet:

- Walmart transaction
- Significant capital expenditure
- Inventory at historical levels
- Supplier funding / base effect

Effect of Walmart Transaction

Transaction costs of R409m:

- Advisers R239m
- Accelerated IFRS 2 charge R70m (non-cash)
- Supplier Development Fund R100m (non-cash)
- Portion of these costs not tax deductible – artificially higher FY11 tax rate

4.8% more issued shares (9.75m). Negligible effect on weighted-ave. no. of shares (issued late June 2011)

Net cash proceeds of R243m will impact Group borrowings & interest costs (being proceeds R482m less adviser fees R239m)

Makro Zimbabwe

Decision to sell in 2010:

- Indigenisation legislation
- Required further funding to trade effectively

After two Zimbabwe regulatory delays, effective disposal in late February 2011

Loss of R38m represents funding of trading losses before & after decision to sell

Sold to local retail business

No rights to Makro name

Sales Inflation

Annual sales inflation to June 2011:

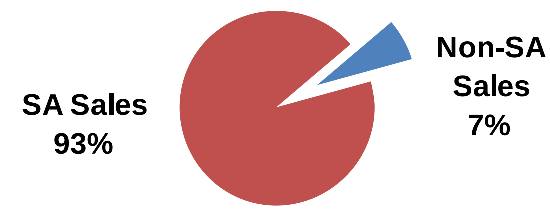
- General Merchandise -7.8%
- Home Improvement +0.7%
- Food & Liquor +1.6%
- Total -1.3%

- Recent Rand weakness, if sustained, will have some inflationary effect
- Absent dramatic Rand movement, product inflation should trend towards CPI (5%-7%)

Sales

(Rm's)	2011	2010	*Total % Chg*	*Comp % Chg*	*Inflation %*
Massdiscounters	13 332	12 165	*9.6*	*3.7*	*(7.3)*
Makro	12 723	11 501	*10.6*	*6.9*	*(0.4)*
Massbuild	7 271	6 367	*14.2*	*7.2*	*0.8*
Masscash	19 624	17 418	*12.7*	*4.1*	*2.1*
Total	**52 950**	**47 451**	***11.6***	***5.2***	***(1.3)***

- Real comparable sales growth in all Divisions
- Total sales growth boosted by new stores in LY & TY, and acquisitions
- Game Africa total local sales growth 11.4% and Rand sales growth 0.9%

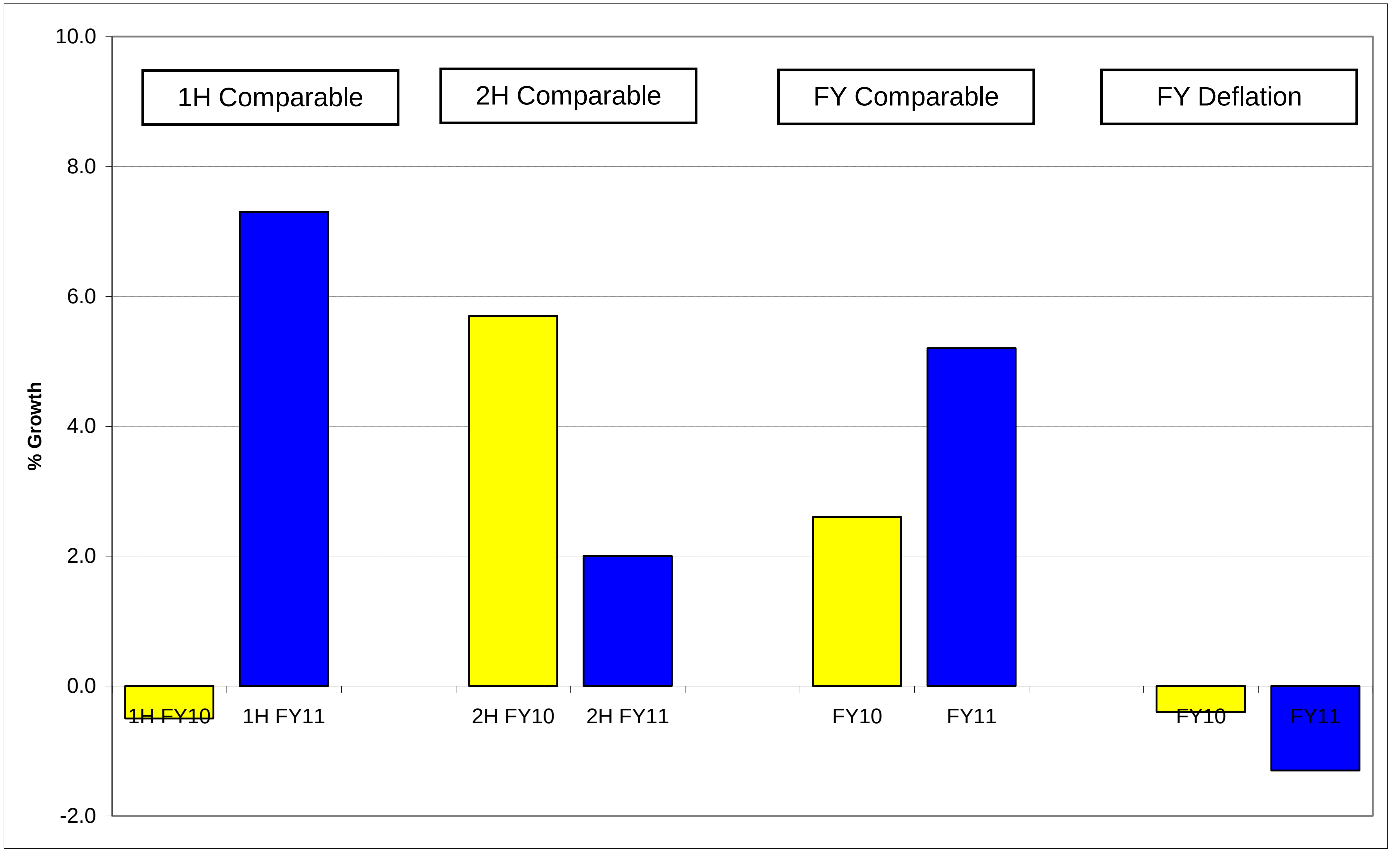


Store Portfolio

	Massdiscounters	Makro	Massbuild	Masscash	Total
June 10	102	13	76	97	288
Acquired	-	-	1	3	4
Closed	-	-	(1)	-	(1)
Openings	11	1	5	5	22
June 11	**113**	**14**	**81**	**105**	**313**

- Massdiscounters: nine new Game and two Dion Wired stores.
- Massbuild: Opened three new Builders Warehouse and two Builders Express. One Trade Depot closure. One Builders Express acquired (Cedar Square)
- Masscash stores: three acquired & five Cambridge opened.

Recent Sales Growth



- Due to Easter date move and 2010 WC Soccer, our sales trends in May to June '11 were difficult to interpret
- Eight-week sales growth update to 21 Aug 2011:
  - 13.5% total and 7.1% comparable
- Too soon for discernable trend

Gross Profit

	2011	2010
Gross Profit	R9 668m	R8 495m
As % of Sales	*18.3%*	*17.9%*

- Higher gross margins in Massdiscounters, Makro & Massbuild
- Lower gross margins in Masscash:
  - Overall product deflation, moved into inflation in 2H
  - Highly competitive wholesale environment
- Previous Group GP%: 2008 18.4% and 2009 18.0%

Operating Costs

	2011	2010
Operating Costs	R7 677m	R6 640m
As % of Sales	*14.5%*	*14.0%*

- Difficult environment: Group sales inflation of -1.3% well below SA inflation of 5.0% (CPI)
- Cost control: comparable expenses up only 5.4%
- Total costs increased by 15.6%, higher than sales growth due to:
  - New stores & Massdiscounters RDC
  - Investing in Cambridge capacity
  - Acquisitions

Employment Costs (49% of total costs)

	2011	2010
Employment Costs	R3 766m	R3 353m
As % of Sales	*7.1%*	*7.1%*

- Total increase 12.3%
- Comparable increase 4.7%
- A 4.3% increase in staff numbers (FTEs)
- All major 2011/12 wage negotiations settled

Occupancy Costs (22% of total costs)

	2011	2010
Occupancy Costs	R1 665m	R1 415m
As % of Sales	*3.1%*	*3.0%*

- Total increase of 17.6%. Comparable increase of 4.2%
- 6.0% net new trading space
- New Massdiscounters Gauteng RDC added R45m
- Leases comprise 69% of Occupancy costs
- Rates & services inflation remains high

Depreciation (6% of total costs)

	2011	2010
Depreciation	R476m	R383m
As % of Sales	*0.89%*	*0.81%*

- Increase by 24.4%
- Greater than sales growth from accelerating capital expenditure
- And as new stores' sales lag the immediate depreciation charge
- Expected to continue ahead of sales growth due to new stores and refurbishments – especially new Makro stores in FY2012

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Other operating costs (23% of total costs)

	2011	2010
Other costs	R1 759m	R1 486m
As % of Sales	*3.3%*	*3.1%*

- Total 18% increase. Comparable increase 7.2%
- Includes:
  - IT costs +27%
  - Transport costs +38%
  - Security +13%

Forex Gains & Losses (unrealised & realised)

Rm's	2011	2010
Massdiscounters	(58.7)	(64.2)
Other	(13.6)	(23.5)
Total	**(72.3)**	**(87.7)**

- Massdiscounters: net realised & unrealised losses from African operations' balance sheet translation (from stronger Rand relative to FY2010)
- Other: predominantly unrealised losses from translation of other offshore monetary balances

Divisional Trading Profit before Interest

Rm's	June		
	2011	**2010**	**%**
Massdiscounters	744.0	612.8	*21.4*
Masswarehouse	749.0	685.4	*9.3*
Massbuild	315.1	260.5	*21.0*
Masscash	374.8	469.1	*(20.1)*
Trading Profit before Interest	**2 182.9**	**2 027.8**	***7.6***

Trading profit excludes foreign exchange losses & Transaction costs

Net Interest Paid

Rm's	June		
	2011	**2010**	***%***
Massdiscounters	38.0	47.6	*(20.2)*
Masswarehouse	54.2	57.8	*(6.2)*
Massbuild	39.6	31.2	*26.9*
Masscash	16.9	26.5	*(36.2)*
Corporate	(255.9)	(209.8)	*(22.0)*
Total interest	**(107.2)**	**(46.7)**	***(129.6)***

- Only Massbuild with better working capital management
- Corporate pays Divisions' interest & funds Group capital expenditure

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Divisional Trading Profit after Interest

Rm's	June		
	2011	**2010**	**%**
Massdiscounters	782.0	660.4	*18.4*
Masswarehouse	803.2	743.2	*8.1*
Massbuild	354.7	291.7	*21.6*
Masscash	391.7	495.6	*(21.0)*
Trading Profit before tax	**2 331.6**	**2 190.9**	***6.4***

Tax Charge

	2011	2010
Total tax	R585m	R608m
Tax rate	*38.9%*	*33.4%*

- Excluding effect of non-deductible Transaction costs, the *normalised* tax rate is 32.6%
- Tax rate includes STC on dividends 5.6% (2010: 4.6%)
- As profits increase, Group tax rate likely to be 32%-33%

Effect of Walmart Transaction

Share capital higher R482m

After advisers’ fees, net cash proceeds R242m

Massmart share trusts always consolidated with Group results:

- Cash proceeds received 20 June 2011
- Group balance sheet shows cash proceeds of R1 094m, with corresponding liability to Trust beneficiaries
- Paid out 28 June 2011

Share trust amounts contra’d in Cash Flow statement, i.e. no effect

Stock & Creditors

	June 2011		June 2010	
	Rms	*Days*	Rms	*Days*
Net Stock (1)	6 200	*49.8*	5 601	*52.6*
Trade Creditors (1)	7 554	*55.9*	7 329	*60.4*
Provisions & Accruals	1 145	-	1 059	-

- Stock levels recovered in all Divisions
- Stock days lower in Massdiscounters, Makro & Builders Warehouse
- Creditors' terms unchanged. Creditor funding returning to normal levels after WC Soccer lift in June 2010 (FY09 55.5 days)

1. Days calculated using historic cost of sales.

Debtors

	June 2011		June 2010	
	Rms	*Days*	Rms	*Days*
Gross Trade Debtors	1 311	*7.9*	1 251	*8.4*

- Closely monitor commercial credit
- Bad debt experience steady
- RCS still doing well in Massdiscounters
- Soft-launch with RCS in Builders Warehouse

Net Capital Expenditure

Rm's	June 2011	June 2010
Replacement Capex	305	278
Investment Capex	843	346
Total Capex	**1 148**	**624**
Businesses & minorities acquired	171	534
Total Capital Expenditure	**1 319**	**1 158**

- Included in Investment capex:
  - Land & buildings of R243m (FY10: R21m), includes new Makro stores (open & to be opened)
  - New stores' plant & equip +R184m
- Acquired businesses with four stores & one property

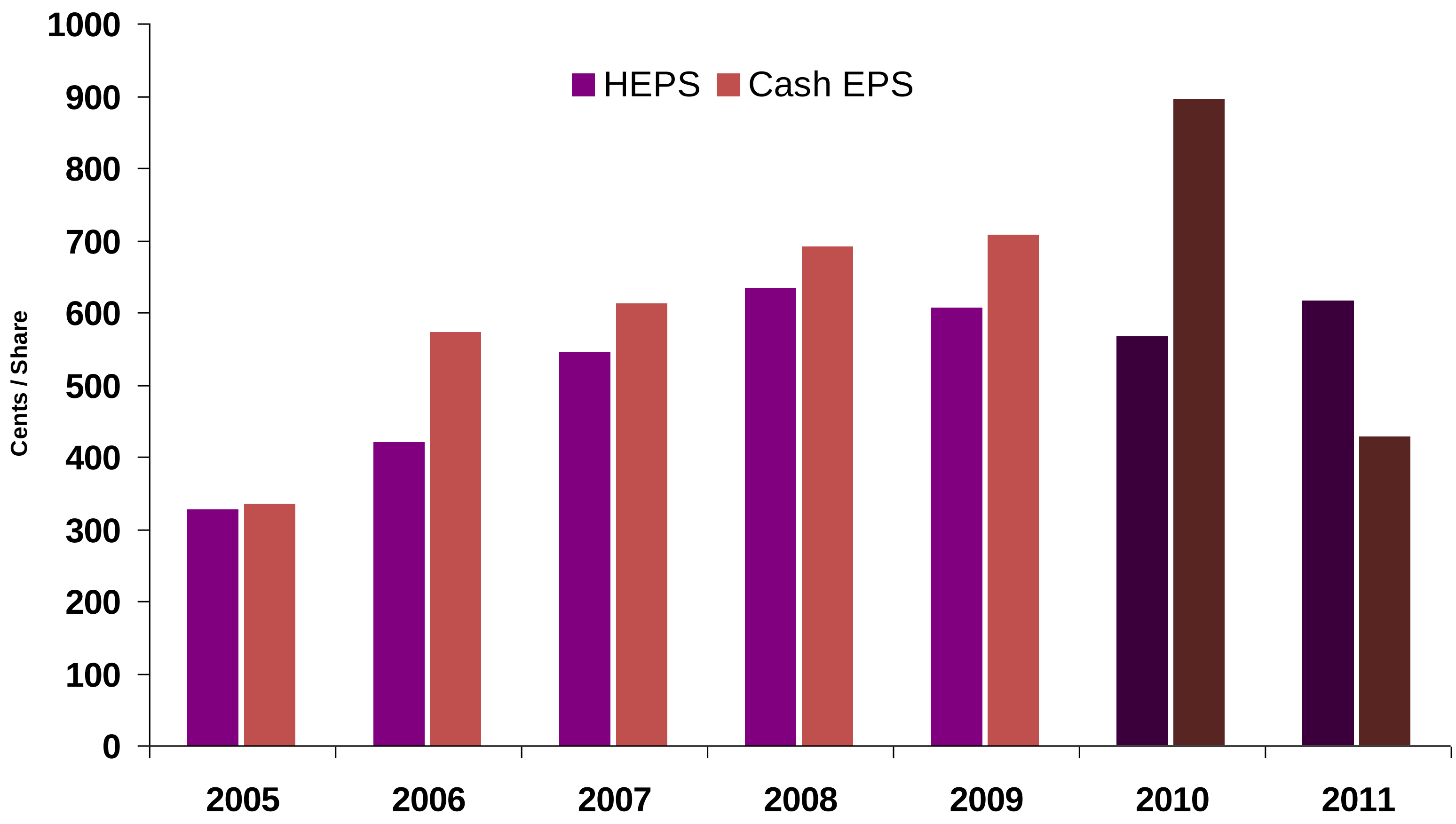
Group Gearing

- Average Group net gearing of R1 486m (FY10: R584m), and debt /equity ratio 39% (2010: 18%)
- Over-stocked position in 2H adversely affected gearing
- Group net gearing now R800m
- Making steady progress with property acquisitions (large stores) in Makro and Builders Warehouse – for new sites and existing leased properties
- Anticipated capital expenditure for FY2012 of R1.6bn, before any acquisitions (R700m maintenance, R900m expansionary)

Cashflow Statement

Rm's	2011	2010
Operating cashflows (excl. Transaction costs)	2 503	2 347
Working capital (retained) / released	(625)	293
Cash from Operations	1 878	2 640
Interest & Tax paid	(703)	(563)
Replacement capex	(305)	(278)
Free cashflow	870	1 799
Transaction Costs (cash-effect)	(239)	-
Dividends paid	(822)	(822)
Net investment capex & acquisitions	(993)	(853)
Cash inflow before Financing	(1 184)	124

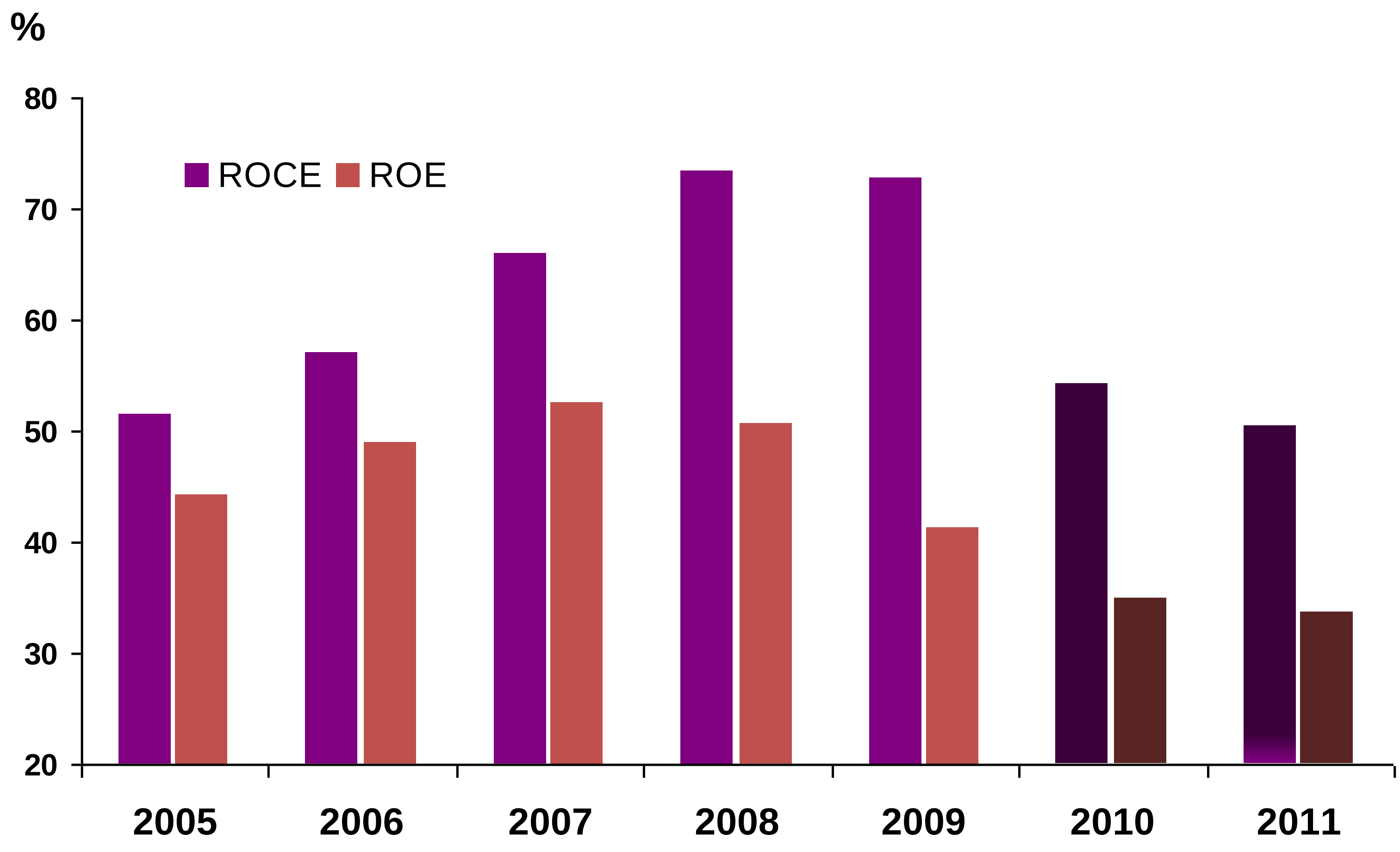
Cash Earnings



HEPS – Headline Earnings per Share (cents). FY11 HEPS excluding Transaction Costs

Cash EPS – Cash from Operating Activities, before dividends paid, less Maintenance Capex. And FY11 excluding Transaction Costs

Returns



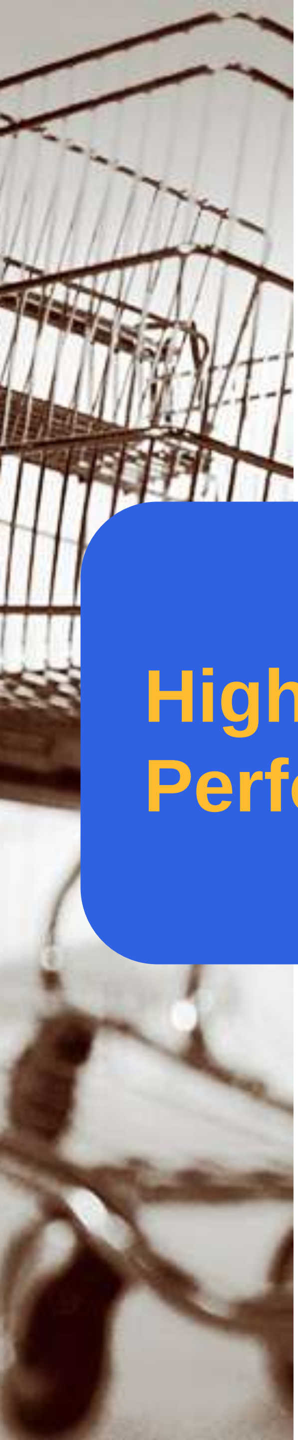
ROCE = EBITA / Average Capital Employed. EBITA in FY11 excludes Transaction Costs

ROE = Headline Earnings / Average Shareholders Equity. Headline Earnings in FY11 excludes Transaction Costs

Dividend

	2011	2010
Total dividend per share (cents)	386	386

- Despite HEPS decline, are holding total dividend at same level as FY10
- Dividend policy remains x1.7 cover on headline earnings



Highlights of the Operational Performance

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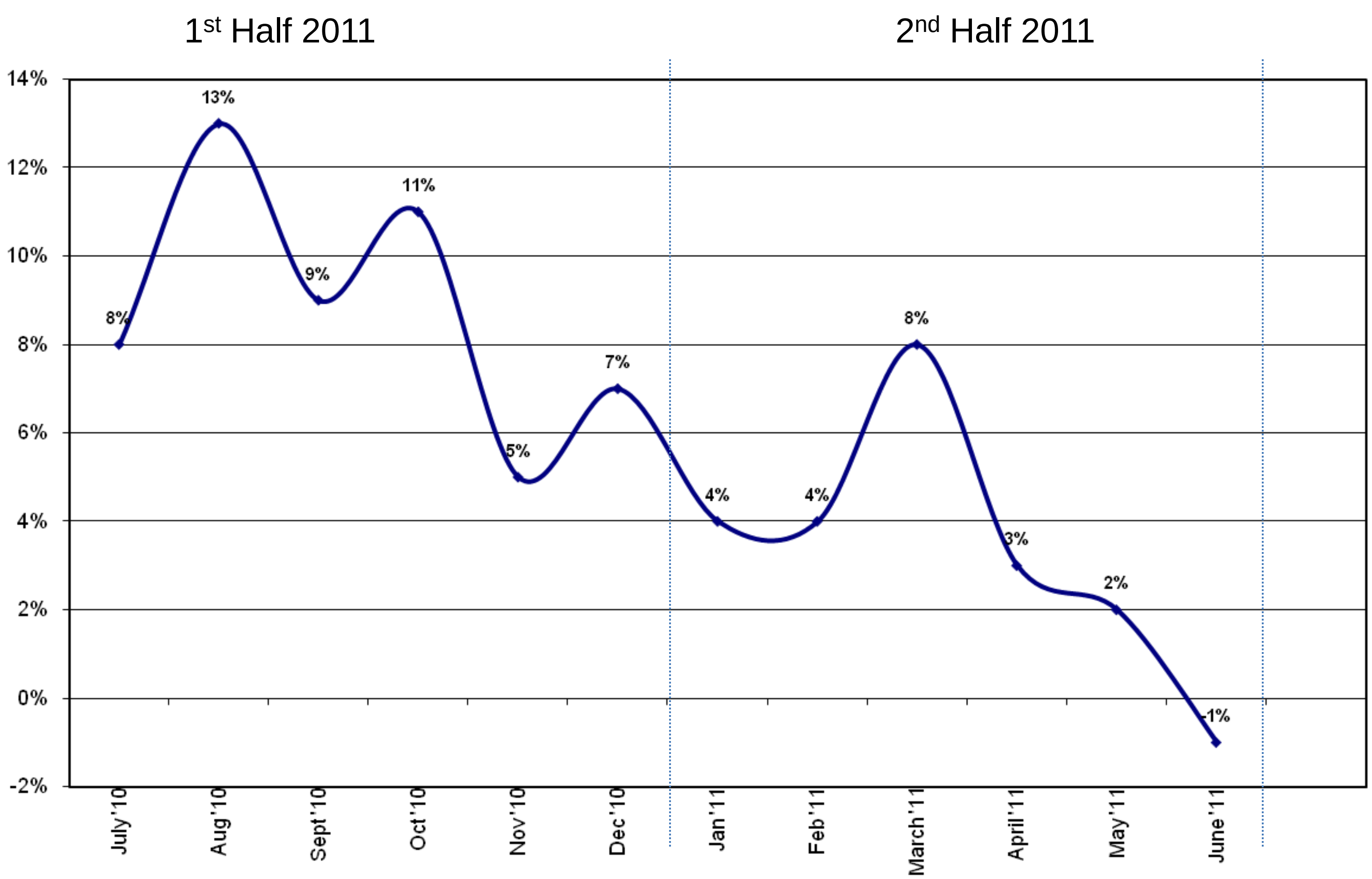
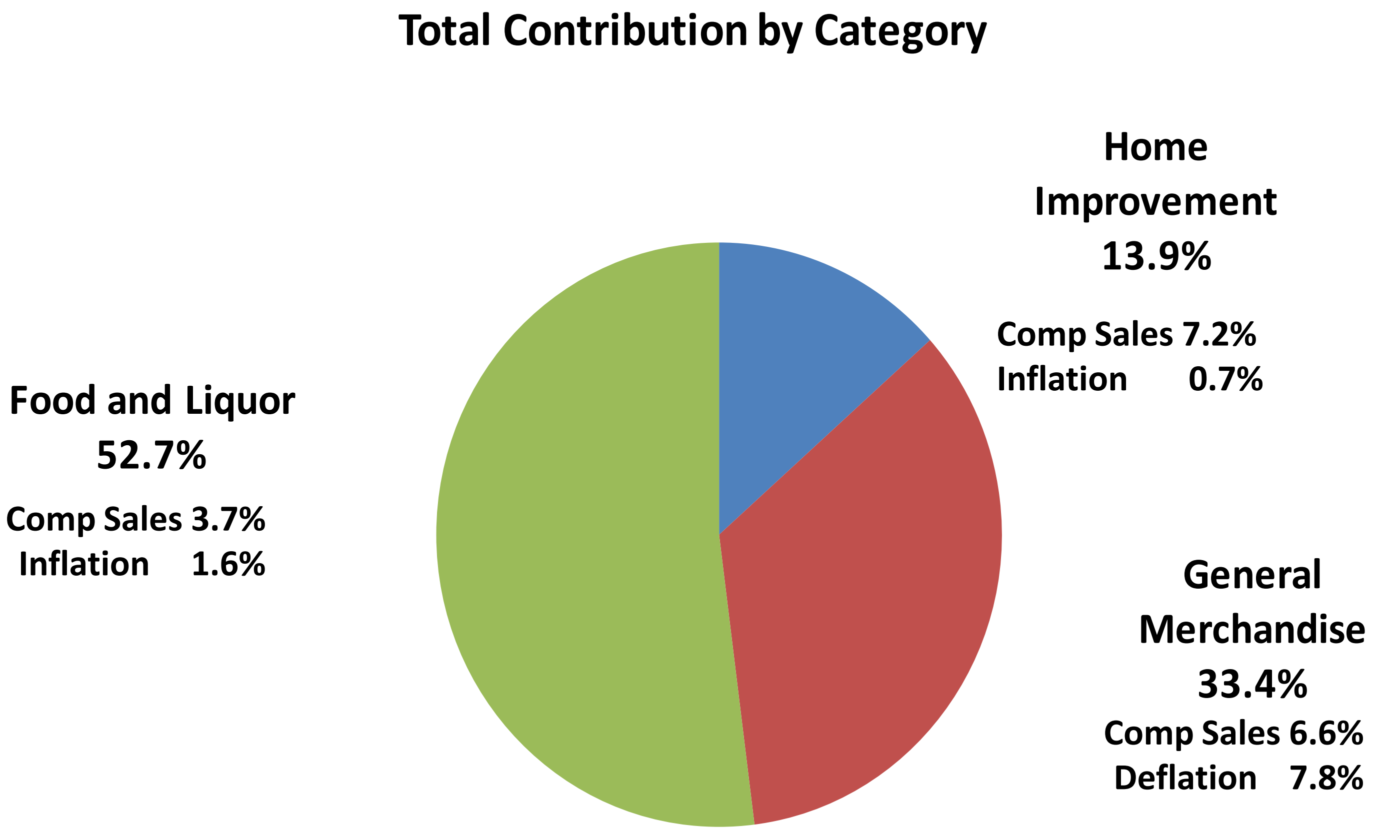
Group Operating Performance Highlights

	2011	
Total Sales growth	+11.6%	*6.0% Additional space*
Comparable Sales growth	+5.2%	*Low inflation*
Comparable store expense growth	+5.4%	*Retail refurbishment programme*
Increase in Trading Profit excl Forex	+6.4%	*Was at -3.5% FY2010*
Increase in Inventories	*+10.7%*	*Softer Christmas; Gauteng RDC*
Decrease in Cash Generated by Ops	*-28.8%*	
Good progress with Retail Cash and Carry	*R4.7bn*	*Annualised and including Rhino*

Comparable store sales growth – Total Massmart



Contribution and Performance by Category



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Divisional Performance

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Massdiscounters

	2011	% change
Sales	R 13 332m	*3.7%*
PBT excl Forex	R782m	*18.4%*
PBT margin	*5.9%*	

- Game SA: great performance
- Half-year over-stock addressed
- Game Africa performed reasonably in currency but went backwards in Rands
- Dion Wired had another spectacular growth ending the year with 13 stores
- New Gauteng RDC successfully commissioned and Durban RDC construction started
- 2 Game Foodco's converted and 2 new Foodco's opened (and Maputo converted post year-end)
- Rollout of Foodco to all stores approved

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Masswarehouse

	2011	*% change*
Sales	R 12 723m	*10.6%*
PBT	R803m	*8.1%*
PBT margin	*6.3%*	

- Good sales performance with Food recovering in second-half
- New store in Vanderbijl successfully opened with new Fresh offering
- Comparable profits rose faster than sales - new store opening costs and higher than average new-stores rentals
- Construction on 3 new stores in Milnerton, Nelspruit and Polokwane started
- Offer for Fruitspot made and submitted to Competition Commission – access to sourcing and distribution of Fruit and Vegetables
- Work progressing on new stores in Jhb North and East, Durban North and Cape Town North
- Makro Zimbabwe sold

Massbuild

	2011	% change
Sales	R7 271m	*14.2%*
PBT	R355m	*21.6%*
PBT margin	*4.9%*	

- Another good performance from Warehouse – taking market share
- Express model proving successful accessing smaller markets
- Depot still struggling in poor market but relatively stable
- Massbuild consolidation completed – one head office
- Construction and system preparation started on first store outside SA in Gaborone
- Progress on sites in other SADC markets
- Regional Distribution Strategy approved and first RFP issued

Masscash

	2011	% change
Sales	R19 624m	*12.7%*
PBT	R392m	*-21.0%*
PBT margin	*2.0%*	

- Wholesale
  - General pressure from low inflation and high unemployment
  - Business distracted by new system implementation
  - Good progress on Franchise rollout (Saverite >100 stores)
- Retail
  - Good performance at store level
  - Investment in overheads ahead of sales on National and Regional management teams
  - Gauteng ambient RDC opened
  - Majority of stores converted to Cambridge Brand (once off costs)
  - Work begun on single system rollout
  - Good progress on new store pipeline
  - Offer made on Rhino and submitted to Competition Commission (very slow)

Environment

Environment

- Developed world economies in bad shape, low growth for a while
- Emerging markets the place to be
- SA GDP growth appears to be low but solid
- Inflation for the year low, but increasing, particularly in food
- Interest rates low – uncertainty about direction
- Political environment not positive
- Youth unemployment a global problem
- African politics and economies in a mixed state

Environment – Competitive Retail

- Retail market:
  - Still in a low inflation, low interest rate cycle
  - National Retail sales data confusing
  - July and August numbers important
  - Food inflation on the rise, if Rand weakens it will run
  - Durables reasonably solid despite deflation
  - Semi-Durables solid
  - Non-Durables very competitive
  - Housing and building market bad

- Massmart performance was affected by:
  - Very strong performance in GM and HI
  - Market share gains in GM and HI
  - Food inflation turning positive
  - Gross Margins improving – but trading aggressively
  - Food Retail, investment ahead of the curve and therefore cost growth is high
  - Improving Supply Chain
  - Poor Africa performance in Rands

Environment

- Challenges
  - Unions wage demands in contradiction of National focus on job creation
  - Local Manufacturing and supply-chain being disrupted by the numerous local strikes – affecting sustainability
  - Inefficiency of bureaucracy - Council, liquor licences, services, regulatory approval – all slowing growth
  - Rising cost of doing business – local taxes, energy, transport, NHI etc.
  - Increasing levels of regulatory complexity

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Update on Walmart transaction

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Update on Walmart Transaction

- Competition Approval granted on the 28th May 2011 with four Voluntary Conditions
  - No transaction-related retrenchments for 2 years
  - No challenge to Union recognition for 3 years
  - First right of re-employment to 503 retrenched employees
  - R100m supplier development commitment over 3 years
- Deal became effective 20th June 2011
- New Board structure implemented and has met twice
  - Doug McMillon
  - Jeff Davis
  - JP Suarez

Update on Walmart Transaction

Doug McMillon
President & CEO, Walmart Int.

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Update on Walmart Transaction

Jeff Davis
Snr. Vice President & Treasurer, Walmart Int.

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Update on Walmart Transaction

JP Suarez

Snr. Vice Pres., Int. Bus. Dev., Walmart Int.

Update on Walmart Transaction

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  - First right of re-employment to 503 retrenched employees
  - R100m supplier development commitment over 3 years
- Deal became effective 20th June 2011
- New Board structure implemented and has met twice
- Three Departments of Government submitted request for review 14 days after Review Deadline (need for condonation)
- Saccawu submitted request for appeal
- Namibian Competition Commission appeal unconditional approval
- SA Competition Appeal hearing set down for 20/21 October
- Namibian Appeal set down for 17th October
- Our preparations well advanced

Update on Integration

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Update on Integration

- 12 person Expatriate Team and their families on the ground in SA
- 8 person Massmart Channel team (under the leadership of Graham Rebello) merged with Expatriate team to form the Integration team
- Integration Executive Don Frieson and General Counsel Michael Spivey appointed to the Executive Committee
- First phase on Integration, Evaluation almost complete
- Next phase is implementation
- 50 Co-owners spent three weeks in country evaluating 155 toolkit implementations with Massmart Business Owners
- Toolkits grouped into Governance, Culture and Value
- Launch advert successful with estimated savings of over R20m for customers
- More promotions being planned

Update on Integration - Conditions

- Union recognition condition was already implemented
- No transaction related retrenchments were contemplated
- Mncane Mthunzi appointed as Supplier Development Executive to oversee R100m program. Commences1st September, 2011

Update on Integration - Conditions

- Will lead the R100m Supplier Development Program that we agreed to as a condition of the Massmart/Walmart merger.
- Responsible for our commitment to the development of Local Manufacturers, Local Farmers, SMME's and BEE suppliers.
- Currently Chief Executive Officer of Consumer Goods Council of South Africa (CGCSA)
- Former Managing Director of the Black Management Forum (BMF)
- Wide range of industry experience including Transport, Industrial Products, Retail, Telecommunications, Broadcasting, Information Technology and Government.

Mncane Mthunzi
Group Supplier Dev. Exec.

Update on Integration - Conditions

- Union recognition condition was already implemented
- No transaction related retrenchments has been implemented
- Mncane Mthunzi appointed as Supplier Development Executive to oversee R100m program. Commences1st September 2011
- Process begun on 503 retrenched employees

Vision for Growth 2014

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Vision for Growth 2014

- Leadership and Transformation
- Growth of the core business
- Organic growth
- New formats and categories
- Integration (New)
- Customer 2.0
- Sustainability

Vision for Growth 2013 - update

- Five Game Foodco's – next one in Rosebank – should be 20 by year-end
- Now have 3 RDC's – should have 4 by year-end
- Fresh Strategies complete in all Divisions
- Initial performance of Cambridge, Foodco and Makro Fresh encouraging – lots of work to do
- Size of Food Retail prize – Initial work confirms our current market share is about 10% (of R250bn) and we have the opportunity over the next 5 years to take that to between 15% and 20%.
- Builders Warehouse will roll out Major appliances - will focus on Gas
- Opened Game Lilongwe in Malawi
- Good start to Integration
- Rhino acquisition (the last large independent retail group) awaiting CC
- Fruitspot acquisition awaiting CC – gives us access to supply
- Slow progress on Customer 2.0, but our focus will return this year
- Good progress on EE with the appointment of 3 Director-level Black Executives and another great intake of Graduates

Update on Vision for Growth 2013

- Growth
  - Trading space planned growth (including store acquisitions):
  - 2011 – 8.0% (6.0%)
  - 2012 – 8.0%
  - 2013 – 8.0%
- New stores 2011 – (including store acquisitions)
  - 30 (26) stores:
    - 11 (9) Game, 3 (2) Dion Wired
    - 1 (1) Makro
    - 0 (1) Wholesale Cash and Carry
    - 10 (7) Retail Cash and Carry
    - 3 (3) Builders Warehouse, 2 (3) Builders Express, 0 (0) Builders Trade Depot

Vision for Growth 2014

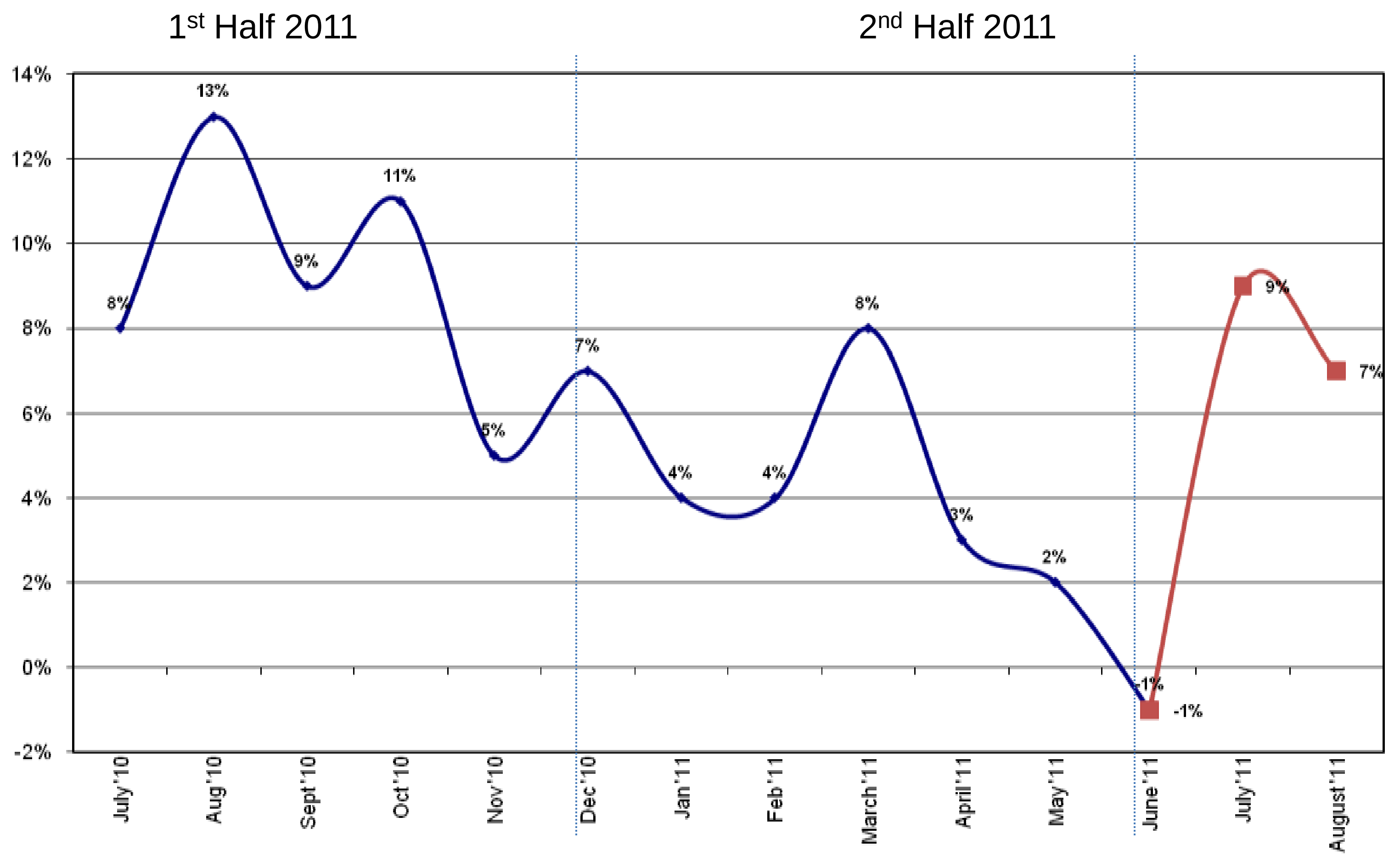
- Growth
  - Trading space planned growth (including store acquisitions):
  - 2012 – 9.0%
  - 2013 – 8.0%
  - 2014 – 8.0%
- New stores 2012 – (including store acquisitions)
  - 27 stores:
    - 12 Game, 3 Dion Wired
    - 2 Makro
    - 2 Wholesale Cash and Carry
    - 6 Retail Cash and Carry
    - 1 Builders Warehouse, 1 Builders Express, 0 Builders Trade Depot

Risks & Prospects

Massmart's 2012 Prospects

- 8 Week to 21st August comparable stores sales growth 7.0%
- Benefits and costs of Integration expected to be neutral for FY2012
- We will continue to invest for market share gains in Food Retail
- Africa expected to perform better this year
- Inflation rising – question about interest rates
- Global economic and SA political environment difficult
- Expect a solid performance

Comparable store sales growth – Total Massmart



Risks

- Volatility of Rand – effect on Food inflation
- Local and Provincial Government service costs and taxes
- Legislative environment
- Increasing tax burden on business – e.g. NHI
- Transaction Appeal Process
- Impact on Nationalisation and Expropriation Debate on FDI and therefore economy
- Global economy

Conclusion

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Conclusion

- Successful Regulatory approval of the Transaction
- Satisfactory trading performance for the year
- Good progress on growth and strategy implementation
- Very busy year ahead
- Integration benefits from 2013
- Good growth opportunities in the medium to long-term

Thank You
& Questions?

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Additional Financial Data

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Headline Tax Rate Reconciliation

%	June 2011	June 2010
Standard tax rate	28.0	28.0
Disallowed expenses	10.7	3.5
Exempt income	(0.4)	(0.1)
Foreign income	(1.6)	(0.8)
Prior year	(1.4)	(1.2)
STC	5.6	4.6
Other	(2.0)	(0.6)
Group tax rate	**38.9**	**33.4**

Analysis of Tax Charge

Rm's	June 2011	June 2010
SA tax	488.3	462.8
STC	83.9	68.2
Deferred tax	(35.0)	63.2
Foreign tax	48.5	31.5
Foreign deferred tax	(0.4)	(17.5)
Income Statement Charge	**585.3**	**608.2**

Capital Expenditure

Rm's	June 2011	June 2010
Land & buildings	243.3	21.2
Leasehold improvements	92.9	29.3
PPE	567.6	365.4
Computers	235.9	176.8
Motor vehicles	48.8	37.4
Total	**1 188.5**	**630.1**

2012 Budget Capex R1.6bn

These figures exclude acquisitions

Headline Earnings Reconciliation

Rm	June 2010	June 2009
Attributable earnings	838.7	1 129.9
Impairment of assets	10	3.7
Profit / Loss on fixed asset disposals	(2.9)	0.6
Loss on sale of business	34.9	5.3
Tax effects on adjustments	1.2	(0.9)
Headline earnings	**881.9**	**1 138.6**

Number of Shares

	(000's)
At June 2010	201 496
Shares issued	12 387
At June 2011	213 883
Weighted-average for period	203 516
Fully-diluted weighted average	216 425

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 for the past financial year. This calculation produces the additional 2.5m shares that are included in the fully-diluted weighted-average number of shares.

Trading Space

- Net new space 72 116m^2
  - Opened and acquired 93 369m^2
  - Closed or sold 21 253m^2
- June 2011 trading space 1 280 936m^2
- 6.0% net space growth (unweighted)

Targets

Group Annual ROS	> 5.5%
Int-bearing Debt : Equity	< 30%
Return on Capital Employed (ROCE)	> 45%
Return on Equity	> 35%

ROS = PBT / Sales

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

ROE = Headline Earnings / Average shareholders equity, excluding goodwill and deferred tax assets

ROCE is not same as the Walmart-defined ROIC (return on invested capital)

Dedicated to Value

Dedicated to Shareholder Value
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