Massmart
Reviewed Interim Results Presentation
for the 26 weeks ended 28 June 2020

27 August 2020
Presenting today

Mitchell Slape
Chief Executive Officer

Mohammed Abdool-Samad
Chief Financial Officer
Agenda

01 Executive summary
02 Financials and Covid-19 impact
03 Turnaround plan update
04 Outlook
05 Additional information
Executive summary

1. Challenging sales environment
   - Lost R4.6bn to Covid-19 restrictions
   - Positive sales growth in Q1 and month of June

2. Enhanced gross margin
   - Up 90bps benefitted from mix; Everyday Low Price initiatives

3. Arrested expense growth
   - Limited expense growth to 1.9% in the first half
   - Leveraged expenses Q1 and in June

4. Cash flow/debt management
   - Strengthened the balance sheet in spite of challenging conditions

5. Accelerated turnaround plan
   - Smart Spend: R1.9 billion in savings over next 3 years
Financials and Covid-19 impact

Mohammed Abdoool-Samad, Group CFO
## Financial summary – reported

**Margin and expense momentum despite lockdown dominated half year**

<table>
<thead>
<tr>
<th>Sales</th>
<th>Trading (loss)/profit before interest and tax (excl. reorganisation, restructure &amp; impairment)</th>
<th>Gross profit margin</th>
<th>SG&amp;A growth</th>
<th>Headline loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>( \downarrow 9.7% )</td>
<td>( \downarrow &gt;100.0% )</td>
<td>( \uparrow 90\text{bps} )</td>
<td>( \uparrow 1.9% )</td>
<td>( \downarrow 36.2% )</td>
</tr>
<tr>
<td>R39.6bn</td>
<td>(R266.6m)</td>
<td>20.1%</td>
<td>R8.3bn</td>
<td>R1.1bn</td>
</tr>
<tr>
<td>2019: R43.8 billion</td>
<td>2019: R318.9 million</td>
<td>2019: 19.2%</td>
<td>2019: R8.2 billion</td>
<td>2019: R0.8 billion*</td>
</tr>
</tbody>
</table>

Includes IFRS 16

*Restated

26-week basis – including Covid-19 impact
Strong fundamentals overshadowed by Covid-19

A tale of two quarters

- Q1: Economic challenges from 2019 continue
- Still leveraged sales in Q1
- Poor economy exaggerated by lockdown in Q2
- Significant progress in margin and expense management throughout H2
- Turnaround accelerated

Excludes IFRS 16
Headwinds as a result of Covid-19 impacting on margin and trading profit

Restrictions impacting ~56% of categories drove lost sales of R4.6 billion

- Additional costs incurred relating to operating regulations
- Rent relief of R97 million
- Temporary employee cost relief of R133 million

Impact of lockdown on sales

<table>
<thead>
<tr>
<th>Sales April/May 2019</th>
<th>Sales April/May 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>R15,322m</td>
<td>R10,747m</td>
</tr>
</tbody>
</table>

Estimated lost sales: R4.6bn

Rm

- Estimated lost margin @19.6%: 897
- Increased direct costs: 62
- Relief/benefits received: (230)
- Indirect cost impact: 14
- Estimated impact on trading profit*: 743

*Impact of trading profit estimated based on lost sales at the margin achieved in the same period in 2019, net of costs incurred and benefits received.
Sales by geography and category
Trading restrictions resulted in estimated lost sales of R4.6 billion

<table>
<thead>
<tr>
<th>Group</th>
<th>SA sales</th>
<th>Rest of Africa sales</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>R39.6bn</strong></td>
<td>9.7%</td>
<td><strong>9.9%</strong></td>
</tr>
<tr>
<td>Comp sales</td>
<td>10.6%</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Food &amp; Liquor</strong></td>
<td>7.2% decline</td>
<td><strong>52%</strong> 0.6% growth</td>
</tr>
<tr>
<td>Durables</td>
<td>12.6%</td>
<td><strong>48%</strong> 0.9% decline</td>
</tr>
</tbody>
</table>

- **Food & Liquor**
  - Comp sales: 90.1% decline
  - Rest of Africa sales: 59% 8.1% decline

- **Durables**
  - Comp sales: 10.5% decline
  - Rest of Africa sales: 41% 13.9% decline

Constant currency decline:
- 3.8% decline
Focused expense management

**H1**

Total Group expenses grew at 1.9%, comparable expenses at 1.2%

**Employment Costs**
- Attrition and recruitment freezes
- TERS relief during lockdown: associates paid on time and in full

**Occupancy Costs**
- Landlord support: rental relief received during lockdown
- Reduced utility costs: lockdown impact and improved monitoring and energy efficiencies

**Lockdown ‘variable savings and costs’**
- Travel
- Conferences and training
- Reduced marketing spend
- Increased Covid-19 related costs: deep cleaning and sanitising costs

**H2**

**Significant Cost Reset savings to be realised**
- Rental: landlord negotiations
- Utilities
- Marketing
- Employment costs: deferred management salary increase and continued recruitment freeze

**Outlook:**
Validated

R1.9bn
in SG&A savings, to be delivered over 3 years

Includes IFRS 16

Massmart powered by Walmart
Performance – Massmart Retail

Strengthened collaboration across the banners

**R8.3bn**
Sales  
↓11.8%

25.5%  
GP  
↑220bps

(R416.3m)  
PBIT*  
↓55.5%  
2019: (R267.8m)

- Lost sales ~R0.9bn Covid-19 impact
- Margin improvement: promotional contribution reduced. Focus on EDLP
- SAP S/4 HANA ERP implemented: 1 June after 4-year journey
- Grew Game online sales by 100%
- Negative H1 expense growth (-1.0%)
- Successful rental re-negotiations: benefits in H2 and beyond

**R5.8bn**
Sales  
↓13.3%

33.3%  
GP  
↑220bps

R214.3m  
PBIT*  
↓32.7%  
2019: R318.4m

- Lost sales ~R1.0bn Covid-19 impact
- Strong margin: increased retail performance, construction sector still under pressure
- Strong vendor partnership: vendors paid on time and in full
- Builders deliveries prioritised by suppliers
- Grew online sales by 160%
- Negative H1 expense growth (-3.1%)

**R3.9bn**
Sales  
↓15.6%

17.3%  
GP  
↑110bps

(R314.5m)  
PBIT*  
↓>100%  
2019: (R91.9m)

- Lost sales ~R0.4bn Covid-19 impact
- Reduced trading: categories traded, hours & store closures. Liquor participation ~10%
- Margin improvement: category mix and trading discipline
- Negative H1 expense growth (-2.9%)

Includes IFRS 16  
* Includes HO allocations
**Performance – Massmart Wholesale**

Wholesale collaborations increasing market share

<table>
<thead>
<tr>
<th>Wholesale</th>
<th>Sales</th>
<th>GP</th>
<th>PBIT*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Makro</td>
<td>R12.0bn</td>
<td>18.2%</td>
<td>R237.0m</td>
</tr>
<tr>
<td></td>
<td>↓10.4%</td>
<td>↑70bps</td>
<td>↓43.4%</td>
</tr>
<tr>
<td>Jumbo</td>
<td>R9.5bn</td>
<td>10.9%</td>
<td>R12.9m</td>
</tr>
<tr>
<td></td>
<td>↓2.1%</td>
<td>↑80bps</td>
<td>↑&gt;100%</td>
</tr>
</tbody>
</table>

- **Combined Wholesale lost sales** ~R2.3bn
- **Covid-19 impact**
- **Enhanced margin and improved price gap**
- **Single Wholesale synergies**: serving customers, reduced transport costs and better deals with vendors
- **Makro grew online sales** by 84%, partnership with OneCart
- **Reopening Liquor** (June): disciplined and professional planning and execution
- **Minimal H1 expense growth** (2.0%)

*Includes IFRS 16  *Includes HO allocations
Accelerating omnichannel
Adapted well to Covid-19 induced demand

- Internally owned last mile delivery
- Strategic partnership: optimisation and Group collaboration

Online sales

- Click-and-collect: 85.7% increase
- Online traffic: 35.3% increase

Online sales:

- 95% increase
- 2.1% sales participation (2019: 0.8%)
## Working capital

### Inventory days
- Increased stock levels due to lockdown, particularly Level 5 in April
- Reduced Game aged stock by 10%
- Strong vendor relationships resulted in high in-stocks

<table>
<thead>
<tr>
<th>Year</th>
<th>Inventory Days</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
<td>R11.1bn</td>
</tr>
<tr>
<td>2020</td>
<td>↑ 6 days</td>
<td>R10.9bn</td>
</tr>
</tbody>
</table>

### Creditor days
- Suppliers paid on time and in full during lockdown: enhanced relationships
- Renegotiated extended payment terms with suppliers on the back of partnership approach

<table>
<thead>
<tr>
<th>Year</th>
<th>Creditor Days</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
<td>R12.6bn</td>
</tr>
<tr>
<td>2020</td>
<td>↑ 2 days</td>
<td>R11.5bn</td>
</tr>
</tbody>
</table>

### Debtor days
- Hospitality and construction industry debtors under pressure: increased provisions
- Focus on collections yielding results

<table>
<thead>
<tr>
<th>Year</th>
<th>Debtor Days</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
<td>R2.4bn</td>
</tr>
<tr>
<td>2020</td>
<td>↓ 2 days</td>
<td>R2.0bn</td>
</tr>
</tbody>
</table>
## Cash flow and debt management

### Strong cash flow despite ↓ EBITDA

<table>
<thead>
<tr>
<th>Rm</th>
<th>JUN 2020</th>
<th>JUN 2019</th>
<th>MOVEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA, before non-trading items</td>
<td>1,253.5</td>
<td>1,867.3</td>
<td>(613.8)</td>
</tr>
<tr>
<td>Net debt*</td>
<td>7,177</td>
<td>6,960</td>
<td>217</td>
</tr>
<tr>
<td>Total equity</td>
<td>3,635.2</td>
<td>5,280.3</td>
<td>(1,645.1)</td>
</tr>
<tr>
<td>Gearing ratio*</td>
<td>0.70</td>
<td>0.61</td>
<td>0.09</td>
</tr>
<tr>
<td>Free cash flow – (outflow)</td>
<td>(3,745.4)</td>
<td>(3,978.8)</td>
<td>233.4</td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td>112.3</td>
<td>157.1</td>
<td>(44.8)</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>916.6</td>
<td>909.6</td>
<td>7.0</td>
</tr>
<tr>
<td>Cash interest to financiers*</td>
<td>347</td>
<td>350</td>
<td>(3)</td>
</tr>
</tbody>
</table>

* Excludes lease liabilities

### Cash flow initiatives
- Focused expense management and disciplined capex deferrals
- Paid suppliers on time and in full: Enhanced relationships ensuring no disruption in supply
- Continued to pay salaries and benefits on time and in full during lockdown period
- Rental relief (April) & TERS benefit
- Renegotiation of vendor payment terms to preserve cash while taking care of most vulnerable smaller suppliers
- Deferral of management salary increases
Strengthened balance sheet position in spite of lockdown

Returning to 2019 levels

- Secured R4 billion Walmart loan
- Support from local and international banks
- All suppliers and associates paid on time and in full
- Debt returning to 2019 levels: strong margin and expense management. Level 2 driving economic activity

3 March 2020
First confirmed Covid-19 case in SA

RUSH BUYING

Net Debt 2020
Net Debt 2019
Average Annual Net Debt
Facilities

Excludes IFRS 16
Capital expenditure

Capex responsibly managed to preserve cash flow and impact of lockdown on construction industry driving some deferrals

<table>
<thead>
<tr>
<th>Year</th>
<th>Total capex as a % of sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun 2016</td>
<td>R747.5m 1.7%</td>
</tr>
<tr>
<td>Jun 2017</td>
<td>R751.5m 1.7%</td>
</tr>
<tr>
<td>Jun 2018</td>
<td>R632.9m 1.5%</td>
</tr>
<tr>
<td>Jun 2019</td>
<td>R695.7m 1.6%</td>
</tr>
<tr>
<td>Jun 2020</td>
<td>R354.1m 0.9%</td>
</tr>
</tbody>
</table>

- Businesses acquired
- Investment to expand operations
- Investment to maintain operations
- Total capex as a % of sales
Highlights

1. Includes IFRS 16
2. Strong cash flow despite lockdown
3. Safe and responsible trading during lockdown
4. Margin enhancement
5. Expense control and longer-term cost reset
# Turnaround recap

Turnaround activities are arranged in six work streams:

<table>
<thead>
<tr>
<th>Work Stream</th>
<th>The Opportunity</th>
<th>SG&amp;A upside as % of sales</th>
<th>Margin upside</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Operating Model</td>
<td>Reorganise banners and support services into a <strong>low cost, customer-first</strong> operating structure</td>
<td><strong>80 - 140bps</strong></td>
<td></td>
</tr>
<tr>
<td>Portfolio Optimisation</td>
<td>Position business for <strong>growth</strong> through disciplined portfolio management</td>
<td><strong>15 - 35bps</strong></td>
<td></td>
</tr>
<tr>
<td>Game Reset</td>
<td>Employ Back to Basics focus to return to <strong>profitability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale Integration</td>
<td>Integrate wholesale assets into a <strong>wholesale and B2B powerhouse</strong></td>
<td></td>
<td><strong>25 - 50bps</strong></td>
</tr>
<tr>
<td>Supply Chain Optimisation</td>
<td>Deliver integrated Supply Chain for <strong>reliable, cost effective on-shelf availability</strong></td>
<td></td>
<td><strong>25 - 50bps</strong></td>
</tr>
<tr>
<td>Cost Reset</td>
<td>Fundamentally <strong>revise cost base</strong> at all levels</td>
<td><strong>80 - 175bps</strong></td>
<td><strong>25 - 50bps</strong></td>
</tr>
</tbody>
</table>

The Opportunity:

- **Reorganise banners and support services into a low cost, customer-first operating structure**
- **Position business for growth** through disciplined portfolio management
- Employ Back to Basics focus to return to **profitability**
- Integrate wholesale assets into a **wholesale and B2B powerhouse**
- Deliver integrated Supply Chain for **reliable, cost effective on-shelf availability**
- Fundamentally **revise cost base** at all levels

** Margin upside:**

- **80 - 140bps**
- **15 - 35bps**
- **25 - 50bps**
- **80 - 175bps**
- **25 - 50bps**
## Turnaround delivery highlights

Turnaround delivery has progressed well, and is on track to deliver the identified value.

| Group Operating Model | 1. Reorganised into **two Business Units**  
2. Initiated **Centres of Excellence** (COEs)  
3. Outsourced applications support to Walmart India Development Centre |
|-----------------------|-------------------------------------------------|
| Portfolio Optimisation | 2. **Closed DionWired**  
3. Finalising **sale of 8 Masscash Stores**, while working through details of the remaining 3 stores |
| Game Reset            | 3. Completed **SAP S/4 HANA ERP implementation**  
4. **Expediting everyday low cost execution** |
| Wholesale Integration | 4. Constituted a **single Executive Committee**  
5. Presenting to suppliers as a **single business** and strengthened price competitiveness  
6. Piloted integration of Makro and Builders onto the **Shield B2B Platform** |
| Supply Chain Optimisation | 5. Increased **vendor on-boarding** into network  
6. Delivered **phase 1 of temperature-controlled network**  
7. **Reduced Game aged/obsolete stock** by 10% |
| Cost Reset            | 6. Validated a **R1.9bn SG&A savings opportunity**  
7. Aggressively **executing** initiatives to unlock savings |

**Confirmation:**
- 80-140bps opportunity
- Delivering R160m PBIT improvement
- Leading to a 220bps GP margin uplift
- Contributing to a 50bps GP margin uplift
- Achieved 50bps of the 1% COGS reduction opportunity
- Unlocking 54bps (as % of sales)
Group operating model highlights

We have confirmed the 80-140bps opportunity, underpinned by initiatives set to deliver value from Q1 2021.

- Integrated four Divisions into two Business Units
- Reorganised Divisional IT, reporting into a Group Chief Information Officer (in role for 6 months)
- Reorganised Supply Chain and appointed a seasoned Walmart specialist as Chief Supply Chain Officer

**H1 Achievements**

**H2 Preview**

- Initiated reorganisation of HR, Real Estate and Indirect Spend Management
- Initiated rationalisation of Group Financial Value-Added Services and Ethics and Compliance functions
- Initiated consolidation of trading and support services teams into fewer physical office locations
Game reset highlights

We are encouraged with the responsiveness to better retail discipline, but more work is required on the Game Turnaround journey

**H1**

- **Enhanced margin performance:** Reduced promotional participation by 20% and extended promotional periods; increased margin by 220bps
- **Improved cost performance:** Reduced SG&A costs by 45bps for 2020, including R29.0m rental annual run rate saving; reduced marketing spend by 34.3% and initiated store S189 workforce rationalisation
- **Upgraded technology:** Went live with SAP S/4 HANA ERP

**H2**

- **Execute Fresh exit** in 51 stores and continue Apparel roll-out, while continuing to strengthen ownership categories
- **Conclude store S189 workforce rationalisation consultation**
- **Drive SAP benefits**, specifically in demand forecasting, assortment and store gridding optimisation
We have validated our R1.9bn savings target and implemented initiatives to deliver 54bps annual savings in FY20, against the 3-year 80-175bps opportunity.

Cost reset highlights

- Validated **R1.9bn in SG&A savings**, to be delivered over 3 years.
- **Initiated and guaranteed savings** amounting to approximately 54bps annual savings in 2020, including approximately R160m in annual rental savings.
- Completed **wave 1 data driven supplier negotiations** across 7 categories in partnership with Walmart, towards delivering COGS savings.

**Progress**

**H1**

- **Complete implementation of centralised Indirect Spend Management capability**
- **Deliver initiatives to unlock additional FY20 and H1 FY21 SG&A savings**
- **Roll out waves 2 and 3 data driven supplier negotiations** across remaining categories toward increasing H1 COGS savings.

**Preview**

**H2**
The path forward

We have a clear plan to reach key milestones across the workstreams, leading to value delivery

<table>
<thead>
<tr>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
</tr>
</tbody>
</table>

1. **Group Operating Model**
   - Q3: Initiate COEs
   - Q4: Finalise the COE opportunity assessment

2. **Portfolio Optimisation**
   - Q3: Finalise sale of 8 Masscash stores
     Finalise details of remaining 3
   - Q4: Communicate geographic and business portfolio strategy

3. **Game Reset**
   - Q3: Store of the Future Prototype
   - Q4: Conclude S189 workforce rationalisation
     Fresh Exit and Apparel Reintroduction
     Ongoing assortment strategy evolution

4. **Wholesale Integration**
   - Q3: Implementing against integration plans
   - Q4: Unlock scale and synergy benefits (over 2-year period)
   - Q1: Commence Wholesale Integration System roll-out

5. **Supply Chain Optimisation**
   - Q3: Deliver phase 1 of replenishment plan
   - Q4: Deliver FY20 vendor onboarding plan
     2 new DC campuses complete
     New DC

6. **Cost Reset**
   - Q3: Year 1 SG&A savings
     Wave 1 COGs Savings
   - Q4: Waves 2 and 3 COGs Savings
   - Q1: Year 2 SG&A savings
   - Q2: Year 3 SG&A savings
We are operationally focused

We are further leveraging Walmart best practice across the business

1. Ways of working
   ...in supplier negotiations, property portfolio management, improve professional retail effectiveness

2. Everyday low cost obsession
   ...through removing wastage, reducing SG&A & COGS and driving advantages of scale toward investing in more competitive pricing

3. EDLP focus
   ...through lower promotional mix, more everyday low pricing and better margins
Growth beyond turnaround

- **Investor return ambitions**: Benchmark for delivery of superior investor returns.
- **Business portfolio ambitions**: Dispassionately assess trading banner relevance, competitiveness and growth potential.
- **Merchandise category ambitions**: Leverage high opportunity new growth categories.
- **Geographic market ambitions**: Critically review rest of Africa growth and return prospects.
- **Digital and ecommerce ambitions**: Specify high growth and return B2B & retail online ecosystem.
Outlook

Mitch, Group CEO
Outlook

• Uncertain operating environment & negative economic impacts – Covid-19
• Currently able to trade all categories, future trading restrictions uncertain
• Confident in our ability to navigate through this
• Accelerate turnaround plan
• Expect SG&A and GP margin performance from H1 to continue into H2

Any reference to future financial performance included in this document has not been reviewed or reported on by the Group’s external auditors. The auditor’s report does not necessarily report on all the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor’s engagement they should obtain a copy of the auditor’s report together with the accompanying financial information from the issuer’s registered office.
Additional information

Condensed Consolidated Income Statement
Tax rate reconciliation
Cash flow statement
Capex per category
Store portfolio
Number of shares
## Condensed consolidated income statement

*Extract from Reviewed Consolidated Results for the period ended 28 June 2020*

<table>
<thead>
<tr>
<th></th>
<th>26 weeks June 2020 (Reviewed)</th>
<th>26 weeks June 2019 (Reviewed)</th>
<th>Period % change</th>
<th>52 weeks December 2019 (Audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>39,707.0</td>
<td>43,909.4</td>
<td>(9.6)</td>
<td>93,843.1</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>39,599.2</td>
<td>43,832.4</td>
<td>(9.7)</td>
<td>93,660.0</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>(31,627.4)</td>
<td>(35,403.5)</td>
<td>10.7</td>
<td>(75,946.8)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>7,971.8</td>
<td>8,428.9</td>
<td>(5.4)</td>
<td>17,713.2</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td></td>
<td>107.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Depreciation and amortisation</strong></td>
<td>(1,520.1)</td>
<td>(1,548.4)</td>
<td>1.8</td>
<td>(3,067.1)</td>
</tr>
<tr>
<td><strong>Employment costs</strong></td>
<td>(3,881.7)</td>
<td>(3,967.4)</td>
<td>2.2</td>
<td>(8,188.0)</td>
</tr>
<tr>
<td><strong>Occupancy costs</strong></td>
<td>(603.0)</td>
<td>(644.6)</td>
<td>6.5</td>
<td>(1,365.8)</td>
</tr>
<tr>
<td><strong>Other operating costs</strong></td>
<td>(2,341.4)</td>
<td>(2,026.2)</td>
<td>(15.6)</td>
<td>(4,160.8)</td>
</tr>
<tr>
<td><strong>Trading (loss)/profit before interest and taxation</strong></td>
<td>(266.6)</td>
<td>318.9</td>
<td>(183.6)</td>
<td>1,111.2</td>
</tr>
<tr>
<td><strong>Reorganisation and restructure cost</strong></td>
<td>(47.4)</td>
<td>–</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Impairment of assets</strong></td>
<td>(55.5)</td>
<td>(46.9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Insurance proceeds on items in PP&amp;E</strong></td>
<td>–</td>
<td>0.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating (loss)/profit before foreign exchange movements and interest</strong></td>
<td>(369.5)</td>
<td>272.4</td>
<td>(235.6)</td>
<td>852.0</td>
</tr>
<tr>
<td><strong>Operating (loss)/profit before interest</strong></td>
<td>(481.8)</td>
<td>115.3</td>
<td>(517.9)</td>
<td>709.0</td>
</tr>
<tr>
<td><strong>Net finance costs</strong></td>
<td>(916.6)</td>
<td>(909.6)</td>
<td>(0.8)</td>
<td>(1,799.1)</td>
</tr>
<tr>
<td><strong>Loss before taxation</strong></td>
<td>(1,398.4)</td>
<td>(794.3)</td>
<td>(76.1)</td>
<td>(1,090.1)</td>
</tr>
<tr>
<td><strong>Taxation (note 12)</strong></td>
<td>231.6</td>
<td>(38.1)</td>
<td>707.9</td>
<td>(206.3)</td>
</tr>
<tr>
<td><strong>Loss for the period</strong></td>
<td>(1,166.8)</td>
<td>(832.4)</td>
<td>(40.2)</td>
<td>(1,296.4)</td>
</tr>
</tbody>
</table>

Loss attributable to:
- Owners of the parent    | (1,161.1)                     | (836.1)                       | (38.9)         | (1,307.5)                      |
- Non-controlling interests| (5.7)                         | 3.7                           | (254.1)        | 11.1                           |

**Loss for the period**       | (1,166.8)                     | (832.4)                       | (40.2)         | (1,296.4)                      |

**Basic EPS (cents)**        | (534.2)                       | (382.8)                       | (39.6)         | (600.6)                        |
**Diluted basic EPS (cents)**| (534.2)                       | (378.3)                       | (41.2)         | (594.9)                        |
## Tax rate reconciliation

<table>
<thead>
<tr>
<th>% Tax rate reconciliation</th>
<th>JUN 2020 (REVIEWED)</th>
<th>JUN 2019 (REVIEWED)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard tax rate</td>
<td>28.0</td>
<td>28.0</td>
</tr>
<tr>
<td>Disallowed expenses</td>
<td>(4.1)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Assessed loss not utilised</td>
<td>(7.1)</td>
<td>(28.7)</td>
</tr>
<tr>
<td>Other</td>
<td>(0.2)</td>
<td>(3.8)</td>
</tr>
<tr>
<td><strong>Group tax rate</strong></td>
<td><strong>16.6</strong></td>
<td><strong>(4.8)</strong></td>
</tr>
</tbody>
</table>

- Tax expense on profit making entities
- Limited recognition of certain deferred tax assets

*Includes IFRS 16*
<table>
<thead>
<tr>
<th><strong>Cash flow statement</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RM</strong></td>
</tr>
<tr>
<td>Operating cash before working capital movements</td>
</tr>
<tr>
<td>Working capital movements</td>
</tr>
<tr>
<td><strong>Cash generated in operations</strong></td>
</tr>
<tr>
<td>Net interest and tax paid</td>
</tr>
<tr>
<td>Net investment to maintain operations</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
</tr>
<tr>
<td>Dividends paid</td>
</tr>
<tr>
<td>Investment to expand operations and other net investing activities</td>
</tr>
<tr>
<td><strong>Cash outflow before financing activities</strong></td>
</tr>
</tbody>
</table>
## Capex per category

Total capex 0.9% of total sales (2019: 1.6%)

<table>
<thead>
<tr>
<th>RM</th>
<th>Jun 2020 (Reviewed)</th>
<th>Jun 2019 (Reviewed)</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings/leasehold improvements</td>
<td>37.8</td>
<td>68.4</td>
<td>(44.7)</td>
</tr>
<tr>
<td>Vehicles</td>
<td>0.5</td>
<td>0.4</td>
<td>25.0</td>
</tr>
<tr>
<td>Fixtures, fittings, plant and equipment</td>
<td>55.8</td>
<td>72.3</td>
<td>(22.8)</td>
</tr>
<tr>
<td>IT investment</td>
<td>148.8</td>
<td>235.8</td>
<td>(36.9)</td>
</tr>
<tr>
<td><strong>Investment to expand operations</strong></td>
<td><strong>242.9</strong></td>
<td><strong>376.9</strong></td>
<td><strong>(35.6)</strong></td>
</tr>
<tr>
<td>Land and buildings/leasehold improvements</td>
<td>33.3</td>
<td>56.2</td>
<td>(40.7)</td>
</tr>
<tr>
<td>Vehicles</td>
<td>2.3</td>
<td>33.9</td>
<td>(93.2)</td>
</tr>
<tr>
<td>Fixtures, fittings, plant and equipment</td>
<td>30.8</td>
<td>156.9</td>
<td>(80.4)</td>
</tr>
<tr>
<td>IT investment</td>
<td>44.8</td>
<td>71.8</td>
<td>(37.6)</td>
</tr>
<tr>
<td><strong>Investment to maintain operations</strong></td>
<td><strong>111.2</strong></td>
<td><strong>318.8</strong></td>
<td><strong>(65.1)</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>354.1</strong></td>
<td><strong>695.7</strong></td>
<td><strong>(49.1)</strong></td>
</tr>
</tbody>
</table>

### Capital investment

- Land & buildings/leasehold improvements: 20.0%
- Vehicles: 0.8%
- Fixtures, fittings, plant & equipment: 54.7%
- IT investment: 24.5%
### Store portfolio

<table>
<thead>
<tr>
<th>Game</th>
<th>DionWired</th>
<th>Builders</th>
<th>Cambridge and Rhino</th>
<th>Makro</th>
<th>Cash &amp; Carry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>420</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>150</td>
<td>0</td>
<td>117</td>
<td>64</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>150 Down from 23 in Dec 2019</td>
<td>0 Down from 23 in Dec 2019</td>
<td>117 Down from 118 in Dec 2019</td>
<td>64 Up from 63 in Dec 2019</td>
<td>22 22 in Dec 2019</td>
</tr>
<tr>
<td>Total</td>
<td>-23</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-23</td>
<td>-1</td>
<td>+1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-23 in South Africa</td>
<td>-1 in South Africa</td>
<td>+1 in South Africa</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Number of shares

<table>
<thead>
<tr>
<th>Period</th>
<th>'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At Dec 2019</td>
<td>219,138.8</td>
</tr>
<tr>
<td>Shares issued</td>
<td>-</td>
</tr>
<tr>
<td>At Jun 2020</td>
<td>219,138.8</td>
</tr>
<tr>
<td>Weighted-average at Jun 2020 (net of treasury shares)</td>
<td>217,361.4</td>
</tr>
<tr>
<td>Diluted weighted average at Jun 2020</td>
<td>220,143.5</td>
</tr>
</tbody>
</table>