



**Audited
financial results
for the year ended
30 June 2004**



Agenda

- Chairman's welcome
- Highlights
- Regional operations review
- Financial results
- Prospects and outlook
- Share tradability
- Questions and discussion



Highlights

- ❑ EURO : ZAR revenue = 83:17
- ❑ Continued growth delivered by internationally diversified business

- Growth

| | <u>Euro</u> | <u>ZAR</u> |
|-------------------|-------------|------------|
| Revenue | 22% | 6% |
| Operating profit | 36% | 19% |
| Headline earnings | 39% | 21% |
| HEPS | 26% | 9% |
| EPS | 22% | 7% |

- ❑ Average translation rate = R8,2145 : 1 Euro
(2003 – R9,415 : 1 Euro)
- ❑ Strong regionally independent balance sheets
- ❑ Cash flow from operations exceeding profits
- ❑ Return on shareholders' funds = 20,8%
- ❑ Manufacturing/Wholesale – mix 69% : 31%



Highlights

❑ Milestones

- International equity placement (November 2003)
 - 2,4 times oversubscribed
- RSA bond issue (December 2003)
 - opportune timing
- European syndicated loan facility (June 2004)
 - 2,5 times oversubscribed
- MSCI Index inclusion

❑ Major capital projects

- **Leinefelde** distribution centre
- **Tewkesbury** distribution centre
- **George** sawmill



Highlights

□ Acquisitions

- Sprung Slumber
- Freedom LBO
- PG Bison
- Unitrans

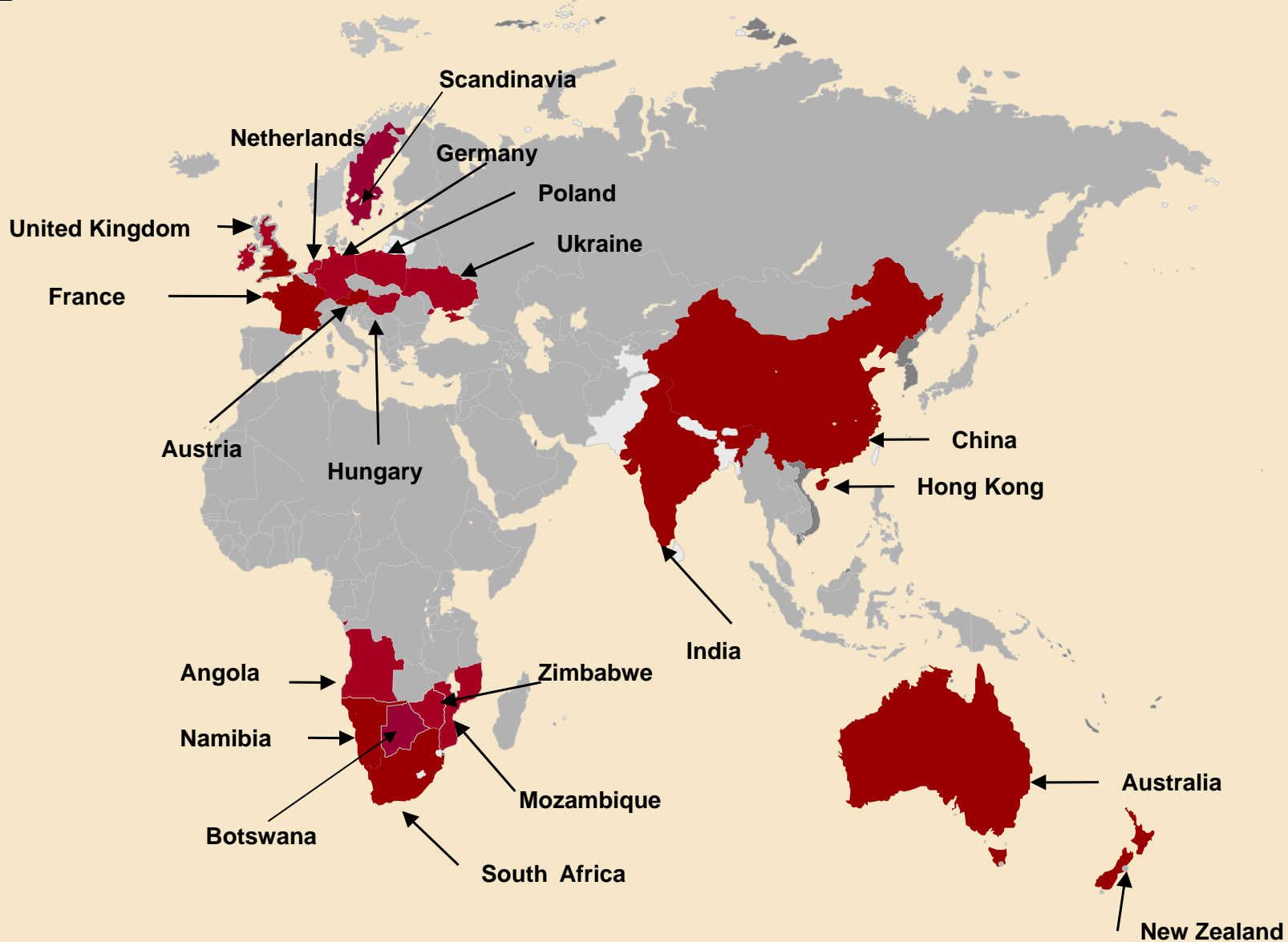




Regional operations review



Geographic locations



European Region

- ❑ **Volume and market share growth**
- ❑ **Improved margins**
- ❑ **Favourable Euro : USD relationship continuing**
- ❑ **Local competitors under pressure**
- ❑ **Leinefelde distribution centre**
 - Improved efficiencies
 - Third party distribution
- ❑ **Consumer spending**
 - Still subdued, but market share growth continues
- ❑ **Mail order and mass discounters – exceptional growth**
- ❑ **Low interest rates, favourable sourcing terms of supply**



European Region

❑ Poland and Hungary joined EU from 1 May 2004

- Shortened delivery times due to “open” borders
- New potential market
 - GDP growth
 - Young demographic structure
- Reduction of tax rates
- Impact on low cost model

❑ UK

- Tough consumer market – retailers under pressure
- Local manufacturers – closures
- Bedding operations
 - Strong brands
 - Market sector coverage: Sprung Slumber addition
 - Strong retail relationships



Pacific Region

□ Structure

- Post Freedom delisting Steinhoff purchased
 - 100% of manufacturing facilities
(*Freedom previously owned 25%*)
 - 100% of Freedom import, sourcing and distribution operation
(*source goods from Asia*)
- Supply and distribution arrangements with retail side of business under Freedom Group management's control
- Funds provided for LBO subject to a minimum guaranteed return

□ Market

- Strong A\$ – good for retail environment and sourcing operations
- Consolidation of manufacturing facilities
- Opportunities for expanded manufacturing base for complementary products, eg bedding



African Region

- ❑ **Local sales strong on the back of buoyant retail market – benefited only last three months**
- ❑ **Export business**
 - Declining margins – tough year
 - Significant restructuring
 - Consistently monitoring further remedial action in these businesses
- ❑ **Import business to capitalise on stronger ZAR**
- ❑ **PG Bison**
 - Complements our timber strategy and businesses
 - Excellent financial performance off a sound balance sheet
 - Contributes to enhanced group cash generation
- ❑ **Unitrans**
 - Revenue +20%
 - HEPS +13%
 - DPS +7,5%



African Region

❑ New territories

(In line with business model of low cost sourcing)

- Zimbabwe
- Mozambique
- Angola

❑ Initiatives

- New sawmill in George
- North Eastern Cape Timber Initiative
- PG Bison – capacity enhancement and resource utilisation
- Overall timber strategy



Steinhoff
International Holdings Ltd



Financial results



Overview

| | <u>EURO</u> | | <u>RANDS</u> | |
|---------------------------|-------------|------|--------------|------|
| Turnover | €1 287,0m | +22% | R10 572,1m | +6% |
| Operating profit | €160,8m | +36% | R1 321,0m | +19% |
| EBITDA | €186,9m | +35% | R1 535,4m | +18% |
| Net profit after taxation | €112,4m | +36% | R923,0m | +18% |
| □ Associates | | | R117,9m | +29% |
| Headline earnings | €145,1m | +39% | R1 191,7m | +21% |
| HEPS | 0,136 | +26% | 112 cps | +9% |
| EPS | 0,118 | +22% | 97 cps | +7% |
| DPS | | | 22 cps | +22% |



Overview

| | <u>2004</u> | <u>2003</u> | |
|-----------------------------|--------------|--------------|------|
| Average rate vs Euro | | | |
| □ ZAR | 8,2145 | 9,415 | -13% |
| □ Zloty | 4,4996 | 4,2331 | +6% |
| □ Pound * | 0,6809 | 0,6710 | +1% |
| □ AUS Dollar * | 1,733 | 1,6802 | +3% |
| □ US Dollar * | 1,1761 | 1,0677 | +10% |
| Tax rate | 14,0% | 11,2% | |

* Strength of Euro against these currencies has a more profound effect on Steinhoff's results, rather than ZAR vs Euro



Turnover by region

| | <u>EURO</u> | | <u>RANDS</u> | |
|-------------------------|----------------|-------------|-----------------|------------|
| European Community | €18m | +14% | R6 720m | -1% |
| Pacific Rim | €131m | +147% | R1 080m | +115% |
| Southern Africa | €338m | +19% | R2 772m | +4% |
| Total | €1 287m | +22% | R10 572m | +6% |
| <i>Operating margin</i> | 12,5% | | 12,5% | |



Exceptional items and impairments

❑ Discontinued operations included: R69,7m

- Solid wood facility closed at Pionki in Poland
- Outsourcing of trucking division at Westerstede, Germany
- Closure of Marshall Case Goods Plant in Adelaide, Australia
- Garankuwa Plant of GommaGomma closed in RSA

❑ Impairment write-offs included: R59,5m

- Write-down and impairment of property, plant and equipment



Financial structure

| | <u>2004</u> | <u>2003</u> | |
|---------------------------|-------------|-------------|--------|
| Net debt | (R34,3m) | R745,6m | |
| Gearing % | – | 15% | |
| NAV per share (ZAR cents) | 581 | 523 | +11,3% |
| Interest paid | R80,1m | R121,2m | -33,9% |
| Interest cover (times) | 14,4 | 8,2 | |
| EBITDA cover (times) | 19,2 | 10,7 | |

European balance sheet restructured – independent from RSA balance sheet after:

- Offshore equity placement
- Syndicated loan facility increase and roll-over



Cash flow features

| | <u>2004</u> | <u>2003</u> | |
|--------------------------------|-------------|-------------|-----|
| Operating profit cash flow | R1 442m | R1 253m | 15% |
| Changes in working capital | R97m | (R355m) | |
| Cash generated from operations | R1 539m | R898m | 71% |
| Net cash inflow | R1 329m | R692m | 91% |
| Investing activities | R1 364m | R812m | |
| Cash on hand | R3 645,7m | R1 463,2m | |





Prospects and outlook



Prospects and outlook

□ Europe

- Further consolidation of market
- Continued market share growth
- Expanded product range, eg bathroom and children furniture
- Grow sourcing business
- Alliances/distribution into France, Spain, UK, etc from Eastern Europe
- Access to Russian timber
- Logistics
 - Continued efficiency enhancement
 - Third party distribution
- Mail order market growth
- Expansion of Habufa markets
- UK slowdown reversed and good quality of Sprung Slumber
- Polish exports to UK benefiting the Group



Prospects and outlook

□ Africa

- Timber initiatives including PG Bison
- Restructured export business
- Strong retail environment expected to continue
- African market
- Unitrans

□ Pacific

- Integration of sourcing on group-wide basis
- Leverage off Freedom Group's retail expansion
 - Include new regional markets
- New products



Share tradability

| | |
|--|--------|
| Number of trading days (July 2003 – June 2004) | 251 |
| Total volume traded (million) | 727,1 |
| % of weighted average no of shares, traded | 68,1% |
| Average no of shares traded per day (million) | 2,9 |
| Average daily value traded: | |
| – ZAR | R7,7m |
| – US\$ | \$1,2m |

Company's freefloat, as defined by the JSE, now 100%



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Questions and discussion