



Results presentation for the year ended 30 June 2011

September 2011



Audited Financial Results

FOR THE YEAR ENDED 30 JUNE 2011

6 September 2011

Introduction

Len Konar
CHAIRMAN

Agenda

- Year in review
- Operational review
 - Steinhoff Europe
 - Steinhoff Africa
- Financial performance
 - Capital structure
- Prospects

Year in review

Markus Jooste
CEO

Year in review

CORPORATE

- Acquisition of Europe's second largest mass market household goods retailer – Conforama
 - Strategic re-positioning of southern African business into distinct business segments
 - Diversified industrial
 - Integrated supply chain operations
 - Integrated timber and raw material operations
 - Retail exposure through a 30% associate investment in JD Group
 - Secure appropriate capital structure for the group
 - Appropriate long-term financing in place
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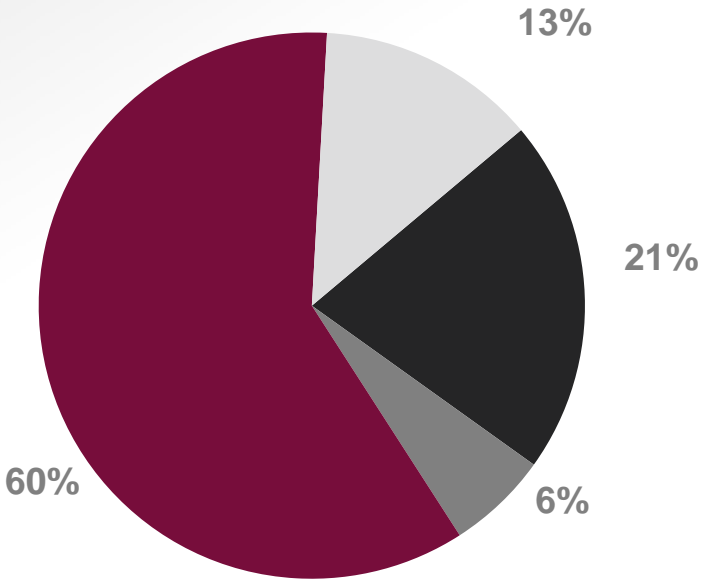
Year in review:

FIRMLY ESTABLISHED FUTURE STRATEGIC POSITIONING



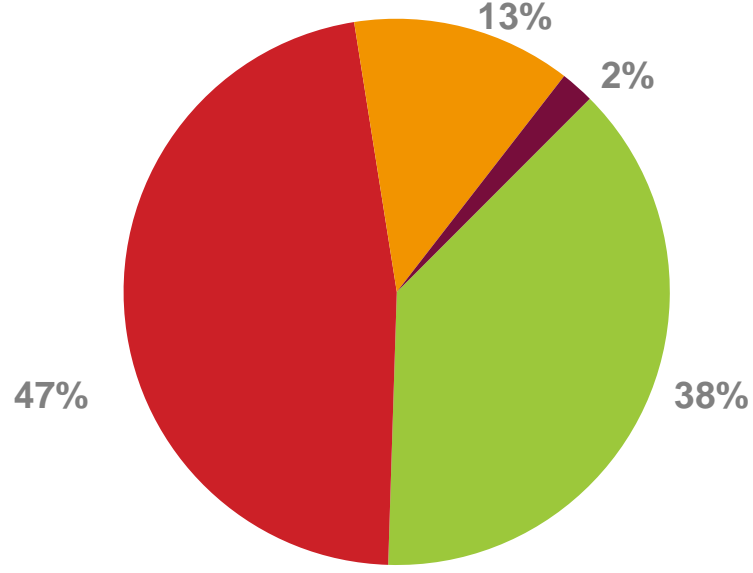
Revenue composition

GEOGRAPHICAL BREAKDOWN



- Continental Europe
- Southern Africa
- Pacific Rim
- United Kingdom

SEGMENTAL BREAKDOWN



- Retail: household
- Manufacturing & sourcing
- Logistics
- Corporate

Year in review: Steinhoff Europe

RETAIL

- Organic market share gains
 - Resilient economies in central continental Europe
 - Continued growth in mass discount market segment
 - Conforama acquisition enhances European retail footprint
 - Economic uncertainty affects discretionary spending
 - UK
 - Eastern Europe
 - Australia
 - Continued investment in retail infrastructure
 - Property ownership strategy protects long-term sustainable margins
-

Year in review: Steinhoff Europe

INTEGRATED SUPPLY CHAIN

- Rising input costs
- Changing supply landscape
 - Changing European manufacturing landscape
 - Emergence of alternative sourcing destinations
- Consolidation of external customer base continues
- Conforama supply-chain synergies
- Trans-European warehouse and logistics re-engineered

Year in review: Steinhoff Africa

DIVERSIFIED INDUSTRIAL

- Increased demand in supply chain management
- Integrated timber operations outperformed the industry
- Industrial growth in Africa continues



Operational review

Steinhoff Europe



Steinhoff Europe

OPERATING RESULTS FOR THE YEAR ENDED 30 JUNE 2011

Revenue increases by **27%** to €4 643m


(2010: €3 647m)

Operating profit increases by **23%** to €456 m


(2010: €370m)

Operating margin decreases to 9.8%


(2010: 10.2%)



Retail: household goods
Steinhoff Europe



Retail: household goods

STEINHOFF EUROPE

Revenue increases by **49%** to €2 700m


(2010: €1 808m)

Operating profit increases by **34%** to €162 m


(2010: €121m)

Operating margin decreases to 6.0%


(2010: 6.7%)

Retail: household goods

STEINHOFF EUROPE

Revenue increases by **49%** to €2 700m


(2010: €1 808m)

- ↑ European retail management
 - Store expansion program
- ↑ Includes Conforama revenue at €919m
 - Cyclically lowest trading period in year
- ↓ United Kingdom
 - Reid store closures
- ↓ Pacific Rim
 - Challenging retail environment

Retail: household goods

STEINHOFF EUROPE

Operating profit increases by **34%** to €162 m


(2010: €121m)

- ↑ European retail management
 - Economies of scale
 - Product mix
- ↑ Conforama profit contribution at €31m
- ↑ United Kingdom
 - Exited loss-making Reid stores
- ↑ Pacific Rim
 - Non-recurring costs incurred, margins expected to improve

Retail: household goods

STEINHOFF EUROPE

Operating margin decreases to 6.0%



(2010: 6.7%)

- Margins are improving in existing retail businesses
- Conforama's mix will initially reduce margins
 - White, brown and grey goods
- Increased economies of scale expected to increase current margin levels across all retail brands



Manufacturing and sourcing

Steinhoff Europe



Manufacturing and sourcing

STEINHOFF EUROPE

Revenue increases by **5%** to €1 862m



(2010: €1 771m)

Operating profit increases by **18%** to €213 m



(2010: €181m)

Operating margin increases to 11.4%



(2010: 10.2%)

Manufacturing and sourcing

STEINHOFF EUROPE

Revenue increases by **5%** to €1 862m



(2010: €1 771m)

- ↑ European manufacturing
- ↑ International sourcing
- ↑ European wholesale and trading operations

Manufacturing and sourcing

STEINHOFF EUROPE

Operating margin increases to 11.4%


(2010: 10.2%)

- ↑ Currency movements
 - Dollar weakness
 - Polish Zloty
- ↑ Efficiency gains
 - Change in customer mix
 - Economies of scale
 - Increased intra-group trade



Corporate services



Corporate services

RETAIL INVESTMENT PARTICIPATION

Retail participation contribution at €45m


(2010: €33m)

Total investment in retail participation at €291m


(2010: €253m)

Return on investment at 15.5%


(2010: 13.0%)

Corporate services

BRAND MANAGEMENT

Brand management contribution at €36m


(2010: €35m)

Total investment in Swiss-held brands €451m


(2010: €408m)

Return on investment at 8.0%


(2010: 8.6%)

Steinhoff Europe

RESULTS FOR THE YEAR ENDED 30 JUNE 2011

	Revenue		Operating profit	
	2011	2010	2011	2010
	€'m	€'m	€'m	€'m
Steinhoff Europe	4 643	3 647	456	370
Retail household goods	2 700	1 808	162	121
Manufacturing and sourcing	1 862	1 771	213	181
Corporate: Retail participation	45	33	45	33
Corporate: Brand management	36	35	36	35
	R'm	R'm	R'm	R'm
Steinhoff Europe	44 407	38 639	4 363	3 922
Operating margin			9.8%	10.2%



Operational review

Steinhoff Africa




Year in review

Danie van der Merwe
CEO: SOUTHERN HEMISPHERE


Steinhoff Africa

CONTINUING AND DISCONTINUED OPERATIONS

Revenue increases by **12%** to R24 544m


(2010: R21 989m)

Operating profit increases by **15%** to R1 521m


(2010: R1 324m)

Operating margin increases to 6.2%


(2010: 6.0%)

Fair value of biological assets at R125m

(2010: R200m)



Retail: discontinued operations
Steinhoff Africa



Retail: discontinued operations

STEINHOFF AFRICA – AUTOMOTIVE AND STEINBUILD

Revenue increases **14%** to R14 288m


(2010: R12 528m)

Operating profit increases **11%** to R380m


(2010: R343m)


Operating margin maintained at 2.7%


(2010: 2.7%)

Retail: discontinued operations

STEINHOFF AFRICA – AUTOMOTIVE AND STEINBUILD

Revenue increases **14%** to R14 288m


(2010: R12 528m)

Unitrans automotive

↑ Strong growth in automotive

- New vehicle market
- Pre-owned
- Parts and services

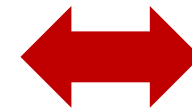
Steinbuild

↓ DIY market continues to be challenging

Retail: discontinued operations

STEINHOFF AFRICA – AUTOMOTIVE AND STEINBUILD

Operating margin maintained at 2.7%



(2010: 2.7%)

Unitrans Automotive

- ↓ Mix: new versus pre-owned vehicles
- ↓ Pricing in after sales
- ↑ Insurance and finance

Steinbuild

- ↑ Cost control
- ↑ Store repositioning initiatives



Integrated timber and raw material operations

Steinhoff Africa



PG Bison and raw materials

STEINHOFF AFRICA

Revenue decreases by **4%** to R3 206m



(2010: R3 336m)

*Operating profit increases by **10%** to R307m



(2010: R279m)

Operating margin increases to 9.6%




(2010: 8.4%)

* Excluding fair value of biological assets

PG Bison and raw materials

STEINHOFF AFRICA

Revenue decreases by **4%** to R3 206m


(2010: R3 336m)

PG Bison

- ↓ Pricing pressure in weak local market
- ↑ Exports into Africa exceeds expectations
- ↑ Forestry and sawmilling
- ↑ Woodchem

Raw material

- ↑ Value added products

PG Bison and raw materials

STEINHOFF AFRICA

*Operating profit increases by **10%** to R307m


(2010: R279m)

PG Bison

- ↑ Savings in overhead structure
- ↑ Focus on value added product

Raw material

- ↑ Innovation at Vitafoam and DesleeMattex drives improved margins
- ↑ Exited unprofitable business units at bedding component plants

* Excluding fair value of biological assets



Logistics
Steinhoff Africa



Logistics

STEINHOFF AFRICA

Revenue increases by **15%** to R7 050m


(2010: R6 125m)

Operating profit increases by **19%** to R835m


(2010: R702m)

Operating margin increases to 11.8%


(2010: 11.5%)

Logistics

STEINHOFF AFRICA

Revenue increases by **15%** to R7 050m


(2010: R6 125m)

- ↑ Increase in FMCG activity
- ↑ Good growth in fuel and chemical
- ↑ Increased contractual business

Logistics

STEINHOFF AFRICA

Operating margin increases to 11.8%



(2010: 11.5%)

- ↑ Contractual business model supports sustainable margins
- ↑ Good overhead cost control
- ↑ Industry diversification protects sustainable earnings

Steinhoff Africa

RESULTS FOR THE YEAR ENDED 30 JUNE 2011

	Revenue		Operating profit	
	2011	2010	2011	2010
	R'm	R'm	R'm	R'm
Steinhoff Africa	24 544	21 989	1 646	1 524
Discontinued retail operations	14 288	12 528	380	343
*Timber and raw materials	3 206	3 336	432	479
Logistics services	7 050	6 125	835	702

- Discontinued operations versus associate investment
 - Expected to be earnings neutral

* Including fair value biological assets



Financial performance



Financial performance

Ben la Grange

CFO: SOUTHERN HEMISPHERE

Financial performance

– CONTINUING AND DISCONTINUED

	2011	2010	Change
Revenue (R'm)	57 328	48 040	19%
Operating profit (R'm)	5 804	5 207	11%
Operating margin (%)	10.1%	10.8%	
Profit from sale of discontinued operations (R'm)	1 285		

Financial performance

– CONTINUING OPERATIONS

Revenue (R'm)	43 040	35 512	21%
Operating profit (R'm)	5 424	4 864	12%
Operating margin (%)	12.6%	13.7%	
Headline earnings (R'm)	3 506	3 242	8%

Financial performance

Continuing and discontinued operations	2011	2010	% change
EPS (cents)	342.9	249.5	37%
HEPS (cents)	258.9	252.7	2%
NAV per share (cents)	2 056	1 657	24%
Distribution per share (cents)	65	63	3%
Operating Profit	5 804	5 207	11%
Cash generated from operations (R'm)	7 202	5 698	26%
Cash and cash equivalents (R'm)	6 321	5 121	23%

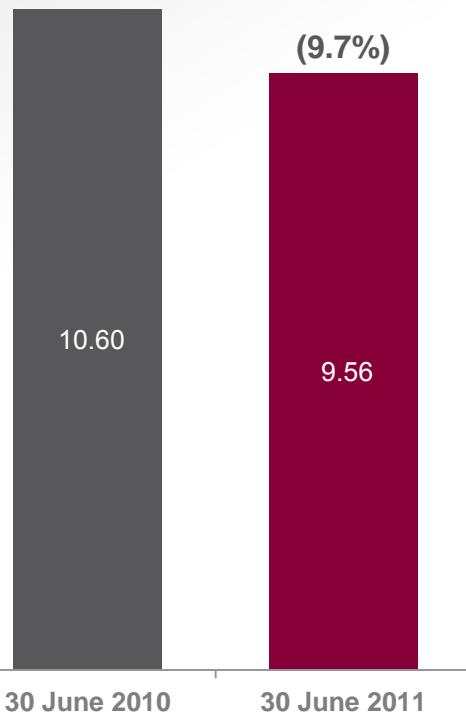
Financial performance

ZAR DENOMINATED REVENUE: 21% (2010: 23%)

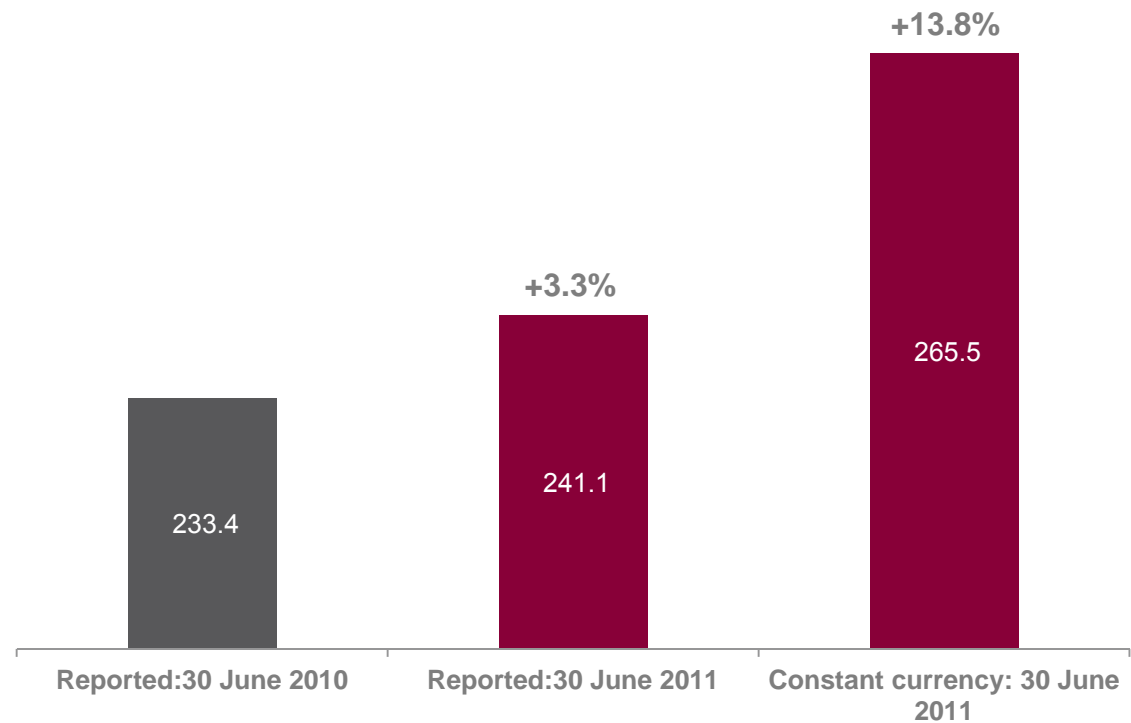
	Average translation rate			Closing translation rate		
	2011	change	2010	2011	% change	2010
EUR:ZAR	9.56	(9.7%)	10.60	9.87	5.2%	9.38
EUR:PLN	3.97	(7.8%)	4.31	3.99	(3.8%)	4.15
EUR:GBP	0.86	3.2%	0.83	0.90	10.9%	0.81
EUR:AUD	1.38	(12.9%)	1.59	1.36	(4.7%)	1.43
EUR:USD	1.36	3.9%	1.31	1.44	17.9%	1.22
EUR:CHF	1.30	(8.8%)	1.42	1.20	(9.5%)	1.32
EUR:HUF	274.32	(1.8%)	279.45	265.61	(7.3%)	286.46
EUR:NZD	1.80	(8.3%)	1.96	1.76	0.4%	1.75

ZAR strength affecting earnings translation

ZAR:EUR AVERAGE EXCHANGE RATE



CONTINUING HEADLINE EARNINGS PER ORDINARY SHARE (CENTS)



Tax rate

RECONCILIATION

	%	
	2011	2010
Standard rate of taxation	28.0	28.0
Foreign subsidiaries' statutory tax rate effect	(15.5)	(16.0)
Utilisation of taxation losses	(2.0)	(1.8)
Effect of profit of associate companies	(0.4)	(0.3)
Prior year adjustments	0.2	0.2
STC	0.1	0.3
Permanent differences and other	(0.2)	(0.8)
Effective rate of taxation	10.2	9.6

Cash flow

	Rand million	
	2011	2010
Operating profit from continuing operations before capital items	5 424	4 864
Operating profit from discontinuing operations before capital items	380	343
Depreciation	1 189	920
Revaluation of biological assets and other non-cash adjustments	(50)	(53)
Working capital changes	259	(376)
Inventory	(827)	(241)
Receivables	(151)	(619)
Payables	1 237	484
Dividends, taxation and interest	(1 526)	(1 226)
Cash flow from operating activities	5 676	4 472

Cash flow

CONTINUED

	Rand million	
	2011	2010
Cash flows from operating activities	5 676	4 472
Investing activities	(15 100)	(3 271)
Assets: replacement capex	(260)	(251)
Assets: expansion capex	(5 970)	(496)
Investments in subsidiaries	(8 165)	73
Investments in retail participation	-	(1 451)
Increase in other investments and loans	(337)	(1 158)
Investments in associates	(763)	(148)
Decrease in treasury shares	395	160
Financing activities	10 307	(218)
Movement in cash and cash equivalents	883	983

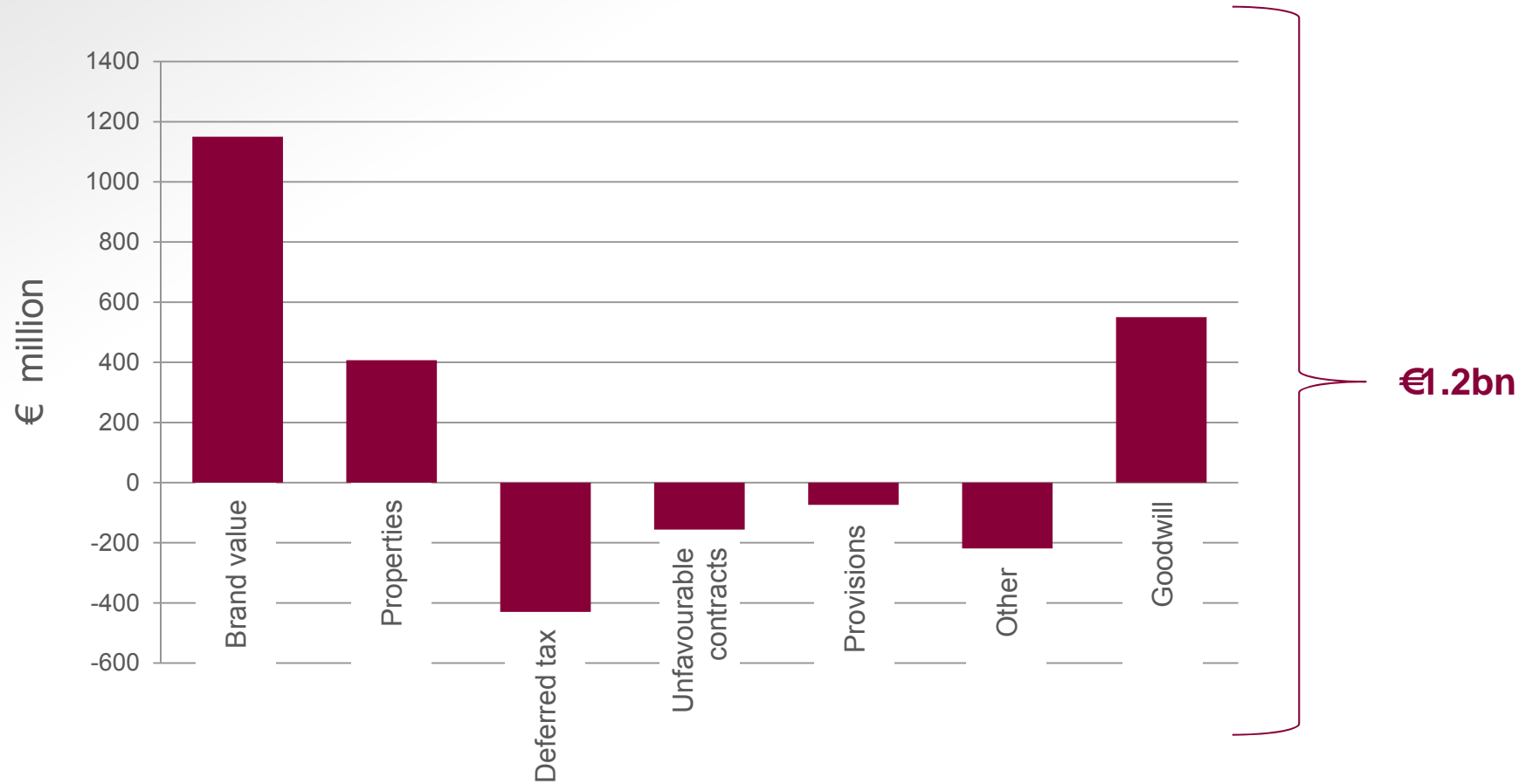
Headline earnings

RECONCILIATION

	Rand million	
	2011	2010
Attributable earnings	5 136	3 541
<i>Capital items (net of tax)</i>	(1 220)	44
Profit on disposal of discontinued operations	(1 285)	-
Net loss on disposal of capital items	78	-
Impairments	113	27
Loss on sale of investments and associate companies	(72)	36
Tax effects of capital items	(54)	(19)
<i>Preference share dividends</i>	(150)	(81)
Headline earnings	3 766	3 504

Balance sheet development

CONFORAMA PURCHASE PRICE ALLOCATION



Balance sheet development

CONFORAMA PURCHASE PRICE ALLOCATION

- Property valuation
 - Properties in France valued at €342.5m
 - Properties in other countries at €64.5m
- Brand valuation
 - Royalty rate at 3%
 - Long-term growth rate 0.5%
- Deferred tax on above at €470m

Capital structure

Stehan Grobler

DIRECTOR: TREASURY AND FINANCING

Capital structure

	2011	2010
Total equity (R'm)	40 830	27 061
Ordinary shareholders' funds (R'm)	33 749	23 323
Preference share capital (R'm)	4 056	1 042
Minority interest (R'm)	3 025	2 696
Net debt (R'm)	18 808	9 201
Gearing	46%	34%
Closing rate ZAR:EUR	9.8654	9.3781

Capital and debt issuances

- €390m convertible bond due May 2016
 - Coupon 5% (yield to maturity 6.125%)
 - 140.85m shares
- ZAR 3bn perpetual preference shares
 - Dividend rate – 80% of prime
- €467.5m convertible bond due March 2018
 - Coupon 4.5% (yield to maturity 5.75%)
 - 140.1m shares
- 132m shares issued, 2231 cps raising €300m

Capital and debt issuances

- €1 260m syndicated facility
 - €540m amortising term facility – euribor + 200bps
 - €720m multi currency revolving facility
 - €360m 3 year
 - €360m 5 year
- } – euribor + 175bps

Liquidity and maturity profile





Prospects



Prospects

Mariza Nel

DIRECTOR: CORPORATE SERVICES

Prospects: Steinhoff Europe

- European consumer remains uncertain and biased to value offering
 - Benefiting organic growth in our mass-market discount retail offer
- Consolidation in fragmented European market continues
 - Presenting many opportunities to gain market share
- Economies of scale critical in driving price
 - Increased scale inherent in business presents margin enhancement opportunities
 - Logistics
 - Combined sourcing

Prospects: Steinhoff Africa

- Expansion and consolidation of southern African and African industrial asset base
- Broaden contractual supply chain management model
- Long-term associate retail investment in JD Group



Thank you

