



STEINHOFF
INTERNATIONAL HOLDINGS N.V.

Adding value to lifestyle.

UNAUDITED FINANCIAL UPDATE FOR THE 12 MONTHS ENDED 30 JUNE 2016 (12MFY16)

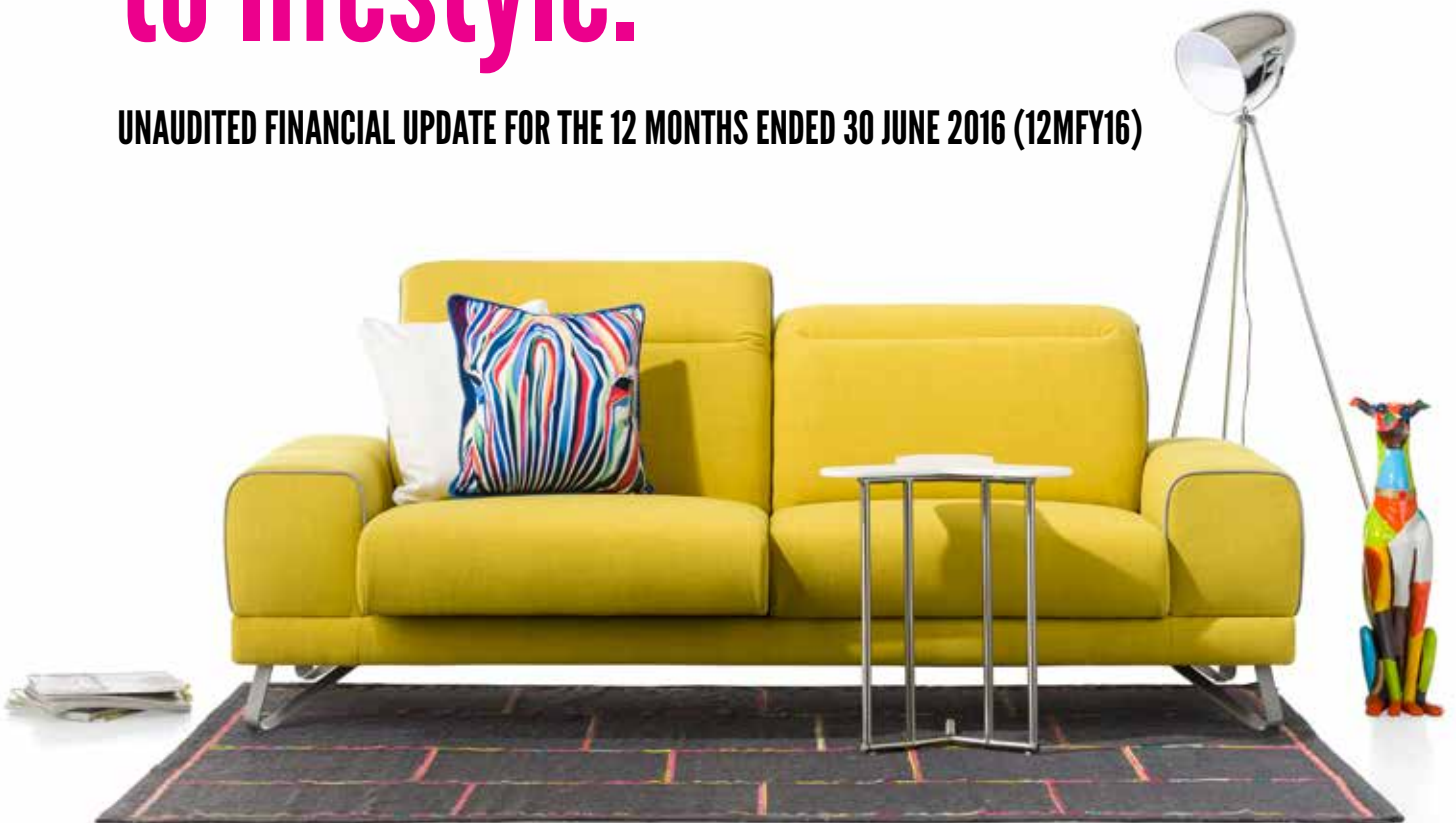


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At the extraordinary general meeting held on 30 May 2016, shareholders approved the change in the financial year-end of Steinhoff International Holdings N.V. to 30 September. Accordingly, the extension of the 2016 financial year to 30 September 2016 will result in a reporting period of 15 months.

This report sets out the 12-month period ended 30 June 2016.

www.steinhoffinternational.com



STEINHOFF
INTERNATIONAL HOLDINGS N.V.

“ Steinhoff’s positioning as an integrated value and discount retailer remains relevant and underscored a solid set of results amidst volatile markets and currencies for the 12 months ended 30 June 2016. ”



Overview

STEINHOFF

**is a diversified
international value
and discount retailer**

that adds value to its customers' lives by providing essential products and services at affordable price points.

The group's diverse range of retail brands offer convenience and products across a wide range of categories. Products include furniture, appliances, general household goods and decoration items; clothing, apparel, footwear, cellular products and selected financial services.





HOUSEHOLD GOODS

Furniture and homeware retail businesses

Product categories include: furniture, household goods, appliances, home accessories, consumer electronics and technology goods, building materials and DIY products and accessories.



GENERAL MERCHANDISE

Clothing and footwear, accessories and homeware

Product categories include: clothing, footwear, household goods, personal accessories, cellular products and selected financial services.



AUTOMOTIVE

Dealerships and rental outlets in southern Africa provide vehicles, parts, insurance, accessories, servicing and car rental


This category includes a wide range of motor and heavy road vehicle brands at price points ranging from entry-level to luxury, as well as the Hertz vehicle rental brand.



Operational highlights


Household goods

CANARY ISLANDS




ARINAGA


PORTUGAL



SETUBAL




RIO DE MOURO



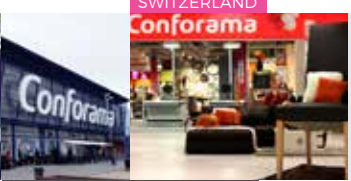
MATOSINHOS

SPAIN




RIVAS


SWITZERLAND




SANT PÈRRE DE RIBES

BIENNE







AUGSBURG




BONN



BREMERHAVEN




SINGEN



TRIER


Store network expansion continued across Europe. Conforama opened net six new stores, increasing their total footprint to 286 stores, and 13 stores underwent major refurbishments. Conforama also celebrated its 40th anniversary in Switzerland.

Poco opened five new stores in Germany, increasing their network in Europe to a total of 114 stores.




Conforama celebrates 40 years in Switzerland

Conforama



General merchandise


POLAND, HUNGARY, CZECH REPUBLIC, ROMANIA, SLOVAKIA



During the period the Pepkor group opened more than 600 new stores. In eastern Europe, Pepco expanded with 244 new stores, while more than 290 stores were opened in the group's African regions. It entered the Ugandan market, and Ackermans celebrated its 100-year anniversary with the opening of their 500th store, located in Cape Town.

PEPCO

ACKERMANS



UNITED KINGDOM

GHM! (Guess How Much!) started trading in Sheffield, United Kingdom.


GHM! is the second strategic retail investment made by Pepkor in the United Kingdom, following the opening of PEP&CO.

With customers' favourite brands at prices they love, GHM! aims to be a one-stop shop for savvy shoppers as they replenish everyday items for their cupboards, drawers, larders and wardrobes, saving them money and time.


"From jeans to beans to spring cleans, GHM! will bring together PEP&CO family fashion, food and general merchandise under one roof - at prices customers will share with friends and families."

UGANDA


First Pep store opened



WE ARE NOW OPEN IN UGANDA!



More than 600 new stores



GHM!
Guess How Much!
Your favourite brands. Prices you love.

SWITZERLAND

Steinhoff's new distribution centre in **Derendingen** opened in October 2015, less than one year after breaking ground and commencing construction. The **40 000 m² warehouse** was completed ahead of schedule and well within budget. The distribution centre will service Steinhoff's central European retail brands in Switzerland.

40 000 m² distribution centre



FRANKFURT



Steinhoff International Holdings N.V. successfully **commenced trading on the Frankfurt Stock Exchange** in December 2015. This was the largest Prime Standard listing in Germany in 2015.

SOUTH AFRICA

JD Group's furniture retail brands consolidation is being implemented, transferring brand value into four brands and launching its new-look stores.

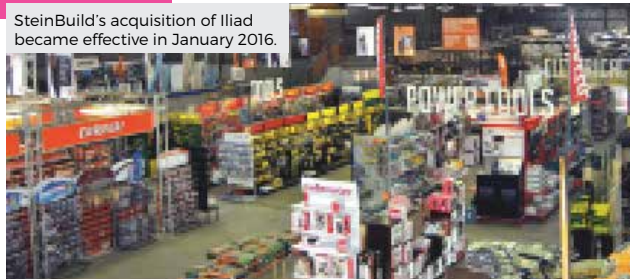


New-look stores



SOUTH AFRICA

SteinBuild's acquisition of Iliad became effective in January 2016.



UNITED KINGDOM



PEP&CO opened its first store in Kettering, Northamptonshire on 1 July 2015. PEP&CO offers families and busy moms the opportunity to spend less on a wardrobe that the whole family needs and wants. From Bolton to Boscombe, Newbury to Newport, Glenrothes to Gloucester, PEP&CO firmly believes in keeping things simple and fuss-free, and in keeping costs low.

AUSTRALIA

Harris Scarfe has signed a licence agreement with Debenhams of the United Kingdom, which will see selected 'Designers by Debenhams' clothing ranges, as well as accessories and intimates, stocked in top tier Harris Scarfe stores (launching in September 2016). Under a separate franchise agreement, Harris Scarfe will open stand-alone Debenhams stores in major centres across Australia (from late 2017).



SOUTH AFRICA

Launched Refinery brand



Group results

The group delivered a solid performance during the 12 months under review

STEINHOFF GROUP UNAUDITED RESULTS FOR THE 12 MONTHS ENDED 30 JUNE 2016 FROM CONTINUING OPERATIONS (12MFY16)

€13.1bn
REVENUE

€1.5bn
OPERATING PROFIT ¹

CONTINUING OPERATIONS	12MFY16	12MFY15	Growth
Revenue (€m)	13 059	9 818	33%
Operating profit ¹ (€m)	1 474	1 115	32%

¹Before capital items

REVENUE €m	12MFY16	12MFY15	Growth
Household goods	8 394	7 622	10%
General merchandise	3 455	888	>100%
Automotive	1 210	1 308	(7%)
Total per income statement	13 059	9 818	33%

Segmental revenue contribution



9%

Automotive

Dealerships and rental outlets in southern Africa provide vehicles, parts, insurance, accessories, servicing and car rental



64%

Household goods

Furniture and homeware retail businesses



27%

General merchandise

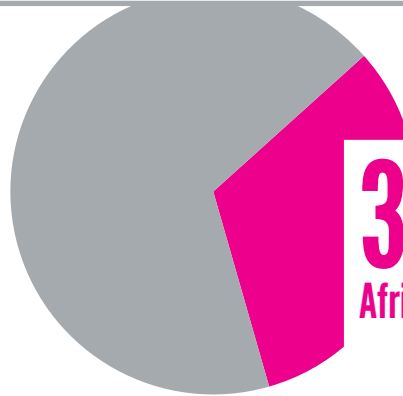
Clothing and footwear, accessories and homeware



Steinhoff is pleased to report a **33%** increase in revenue to **€13.1 billion** for the 12 months ended 30 June 2016. Operating profit improved by **32%** to **€1.5 billion**. Group operating margin at **11.3%** was similar to the comparative period, notwithstanding the lower margins inherent in the general merchandise category acquired on 31 March 2015.

Geographic context and impact of foreign currencies

68%
Europe and Australasia



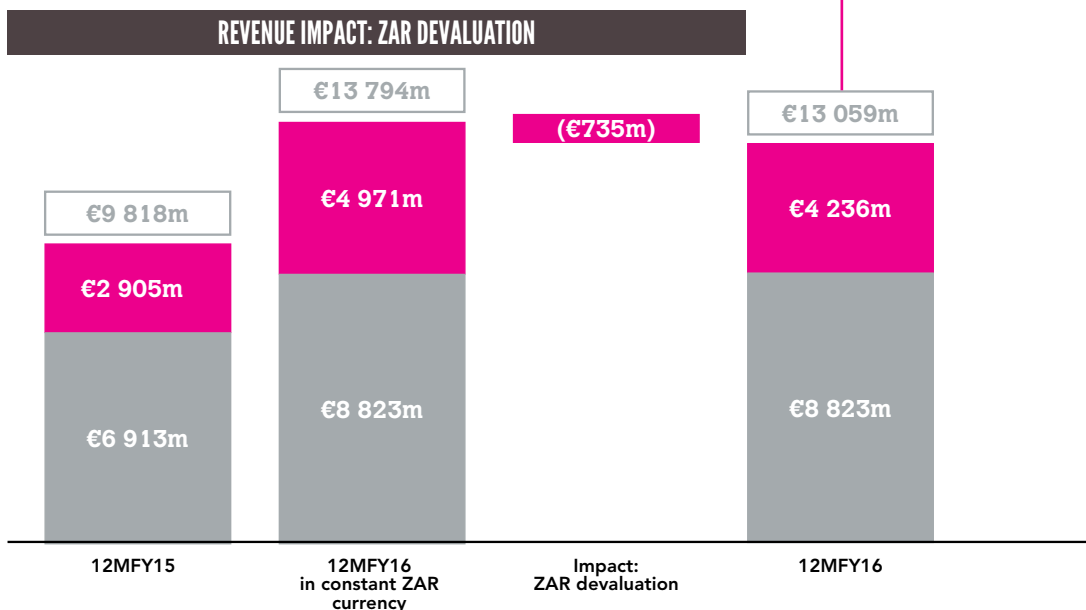
32%
Africa

Europe and Australasia	€m	€m	
REVENUE	12MFY16	12MFY15	Growth
Household goods	7 590	6 642	14%
General merchandise	1 233	271	>100%
Automotive	-	-	-
Total revenue	8 823	6 913	28%

As reported at the end of the previous quarter, the devaluation of 17% in the South African rand had an unfavourable impact on reported euro results as highlighted on this page. The South African rand was translated at the rand: euro exchange rate of 16.1191 compared to 13.7347 in the comparative period.

Africa	Rm	Rm		Africa	€m	€m	
REVENUE	12MFY16	12MFY15	Growth	REVENUE	12MFY16	12MFY15	Growth
Household goods	12 960	13 456	(4%)	Household goods	804	980	(18%)
General merchandise	35 817	8 470	>100%	General merchandise	2 222	617	>100%
Automotive	19 504	17 973	9%	Automotive	1 210	1 308	(7%)
Total revenue	68 281	39 899	71%	Total revenue	4 236	2 905	46%

TOTAL GROUP REVENUE €m **13 059** 9 818 33%



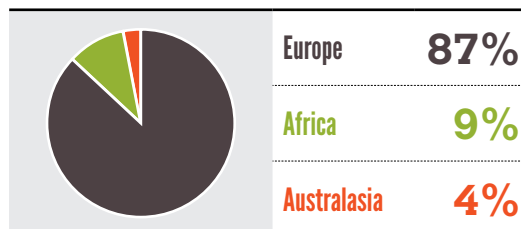
Other currencies ZAR-denominated revenue

Operational review

Household goods for the 12 months under review

GEOGRAPHICAL REVENUE ANALYSIS

	12MFY16 (€m)	12MFY15 (€m)	% change
Europe	7 286	6 356	15%
Africa	804	980	(18%)
Australasia	304	286	6%
	8 394	7 622	10%



EUROPE

The European territory (including the United Kingdom) increased revenue by **15%** to **€7.3 billion**, representing 87% of revenue in the household goods segment. The acquired kika-Leiner business that retails in Austria and central and eastern Europe contributed **€542 million** of revenue for the seven months since acquisition. Excluding the kika-Leiner business, the integrated retail business in Europe increased sales by **6%** to **€6.7 billion**, with encouraging like-for-like sales growth throughout most of the region.

Increased sales and good operating leverage continue to be delivered from the growing store network in the German territory where like-for-like sales grew by 1%. The repositioning and restructuring initiatives in the Austrian business are on track, while the eastern European businesses showed good growth, supported by growing economies in these regions. In line with expectations and the repositioning initiatives, like-for-like sales were down in Austria but increased strongly across the eastern European business.

Conforama improved like-for-like sales by 4%. Good market share gains in strategic product categories (mattresses, sofas, kitchens and white goods) were supplemented by a tactical sales and marketing campaign on electronic products during the UEFA Europa League, which took place during the fourth quarter. This campaign resulted in particularly strong television sales in France (the host country), but adversely impacted group margin.

UNITED KINGDOM AND AUSTRALASIA

In what is traditionally a slow quarter for household goods sales in the United Kingdom, the resilient bedding product category continued to support sales growth in constant currency, and like-for-like sales increased by 8%. The Australian business increased like-for-like sales by 12% despite subdued consumer demand, especially in resource-driven states in that territory.

AFRICA

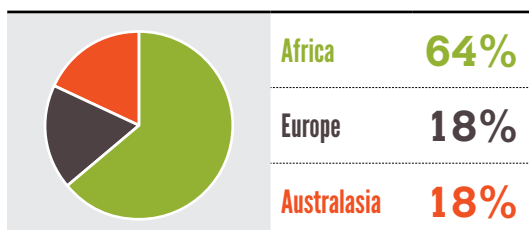
Representing 9% of the integrated household goods segment, JD Group continued its business modification plan to move away from credit-dependent customers. This resulted in a like-for-like sales decline and is further amplified when translated and reported in euro, given the decline of the rand against the euro as analysed on page 8.

INTEGRATED SUPPLY CHAIN

The integrated supply chain, comprising internal and external manufacturing; central sourcing, logistics and warehousing operations; and the group's owned property portfolio, performed well in the period under review. Good savings and efficiencies supported margins for the segment as a whole, and offset some of the gross margin pressures related to dollar strength experienced by the retail division.

Operational review

General merchandise for the 12 months under review



GEOGRAPHICAL REVENUE ANALYSIS

	12MFY16 (€m)	Pro forma 12MFY15 (€m)	% change
Africa	2 222	2 283	(3%)
Europe	625	380	64%
Australasia	608	618	(2%)
	3 455	3 281	5%



The general merchandise retail segment reported good results for the 12-month period ended 30 June 2016. The Pepkor group was acquired on 31 March 2015 and therefore only three months of revenue was included in the comparative period's result. Given that the South African territory remains the largest territory for the group, the 17% devaluation of the South African rand during the period should be taken into account when evaluating growth as measured in euro. On a pro forma basis, Pepkor reported a **19%** increase in constant currency revenue, translating into a **5%** increase when measured in euro.

During the 12-month period all regions remained focused on growth, with a total of net **579** stores being added to the portfolio. The new stores increased retail square metres and this segment was trading from a total of **2.1 million** retail square metres on 30 June 2016. Notwithstanding the increase in the group's retail space, like-for-like (same stores) sales increased by **8%**.

Automotive for the 12 months under review



The automotive retail division performed well in a subdued consumer environment and declining markets. Constant currency revenue increased by **9%**, supported by like-for-like sales growth of **6%**. Euro-reported revenue declined by **7%** to **€1.2 billion**.

Operational review

FINANCIAL POSITION

The number of shares in issue at 30 June 2016 amounts to **3 761 million** compared to **3 652 million** at 30 June 2015, and includes the effects of shares issued in terms of the convertible bonds and capitalisation share awards.

Diluted weighted average number of shares in issue amounts to **4 099 million** at 30 June 2016, compared to **3 269 million** shares at 30 June 2015.

The gearing of the group remains at acceptable levels with net debt of **€2.8 billion** at 30 June 2016, representing an increase of **€0.9 billion** compared to 30 June 2015. This movement relates mainly to investments and acquisitions, but also includes the effects of continued investment in the retail store network.

CORPORATE ACTIVITY

The 12 months under review has been a busy period in terms of corporate activity. During the period many transactions that complement the value and discount strategic underpin of the group were investigated. All transactions are subjected to thorough due diligence processes, allowing management to critically evaluate the merits of all transactions, including the decision-making process and valuation metrics of transactions that ultimately dictate shareholder value creation.

The group has gained board recommendations, and await shareholder recommendations on the formal offer to buy the Poundland retail business in the United Kingdom and the Mattress Firm retail business in the United States of America.

OUTLOOK

Revenue

In countries such as France, Switzerland and Austria where the group enjoys material market share, trading closely approximates the market. In regions such as Germany, Spain, Portugal and eastern Europe where the group is actively expanding its footprint, market share growth is expected to continue. In the United Kingdom and Australasia, focus remains on increasing market share in all segments of the resilient bedding market, while the sales momentum, as measured in constant currency, is continuing in the African region.

Operating margins

Exchange rates between some of our major trading currencies continue to be volatile. As reported at interim stage, the benefits of favourable hedging contracts in protecting the group's retail margins from dollar strength started to fade in the last quarter, impacting retail margin, particularly that of Conforama. Notwithstanding, good cost control and rebates earned from suppliers (given the slower growth prevalent at Asian suppliers) increased gross margin for the household goods segment as a whole, thereby protecting group operating margins.

Taxation

The regulatory investigation of the group's German subsidiary is continuing. As reported at interim stage, the group is confident that the matter will be resolved amicably.

The group remains confident that the annual tax rate can be sustained at 15% for the short to medium term.

Currency translation effect

Steinhoff is an international business with revenue earned in many countries, as summarised in the geographical segmental analysis. Currency movement will have an effect on reported euro earnings in translating these businesses' earnings to the reporting currency. As reported at interim stage, the effect, particularly of the deterioration of the South African rand, had an unfavourable impact on reported euro earnings during the period under review. The rand remains volatile.

The referendum on 23 June on the United Kingdom's continued membership of the European Union has created uncertainty in the business community and financial markets. While the effect of this decision on consumer demand across Europe remains uncertain, the devaluation of the pound sterling may also result in an unfavourable effect when translating our businesses' earnings reported in euro. Our retail business in the United Kingdom is substantially vertically integrated with group bedding and upholstery manufacturing located within the United Kingdom, which should protect gross margins to some degree against prolonged sterling weakness. However, the businesses remain exposed to the dollar and other currencies in many other product categories, which could have an adverse effect on future margin.

ADMINISTRATION

On 7 September 2016 at approximately 08:00 CEST, Steinhoff will release its financial results for the 12-month period ended 30 June 2016.

Markus Jooste, chief executive officer, will host a webcast at 11:00 CEST on the same day. The webcast link will be available on the company website shortly before the broadcast commences.

Forward-looking statements

This report contains management's current view on future developments based on information currently available, and is subject to risks and uncertainties as described in the section "Risk Factors – Risks relating to the Group's Business" on pages 47 to 57 of the Frankfurt Stock Exchange prospectus, which can be accessed on the group's website at www.steinhoffinternational.com. These risks are outside the control of management and in the event that underlying assumptions turn out to be inaccurate or risks contained in the prospectus materialise, actual results may differ materially from those included in these statements.

Management and the group do not assume any obligation to update any forward-looking statements made beyond statutory disclosure obligations.

UNAUDITED FINANCIAL INFORMATION

The financial information contained in this report has not been audited or reviewed by an auditor.



STEINHOFF

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