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ADDING VALUE TO LIFESTYLE

UNAUDITED HALF-YEAR RESULTS
FOR THE SIX MONTHS ENDED 31 MARCH 2017



FOR LIFE

- CLOTHING
- FOOTWEAR
- PERSONAL ACCESSORIES
- CELLULAR PRODUCTS
- SELECTED FINANCIAL SERVICES
- AUTOMOTIVE



FOR THE HOME

- FURNITURE AND BEDDING
- HOUSEHOLD GOODS
- APPLIANCES
- HOME ACCESSORIES
- CONSUMER ELECTRONICS AND TECHNOLOGY PRODUCTS
- BUILDING MATERIALS AND DIY PRODUCTS



PERIOD UNDER REVIEW

MARKUS JOOSTE
CEO



PERIOD UNDER REVIEW

STEINHOFF GROUP UNAUDITED HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2017 (H1FY17)

€10.2bn
REVENUE

€903m
OPERATING PROFIT¹

15.5c
DILUTED SUSTAINABLE
EARNINGS PER SHARE²

Continuing operations	H1FY17	H1FY16	Growth
Revenue (€m)	10 165	6 889	48%
Operating profit (€m) ¹	903	797	13%
Diluted weighted average number of shares in issue (m)	4 677	4 051	15%
Diluted sustainable earnings per share (c) ²	15.5	16.0	(3%)
Cash flow conversion ratio ³	101%	70%	44%
Net asset value per share (c)	371	324	15%

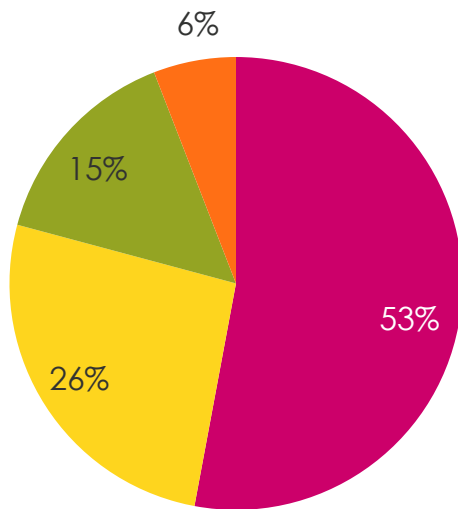
¹ Before capital items.

² Diluted sustainable earnings per share is calculated using diluted earnings per share as determined by IAS 33 Earnings per Share, and then excluding specific capital items, net of related taxation and related non-controlling interests. This number is required to be reported by the Johannesburg Stock Exchange, where the group has its secondary listing, and is defined by Circular 2/2015 Headline Earnings

³ Cash generated from operations/operating profit.

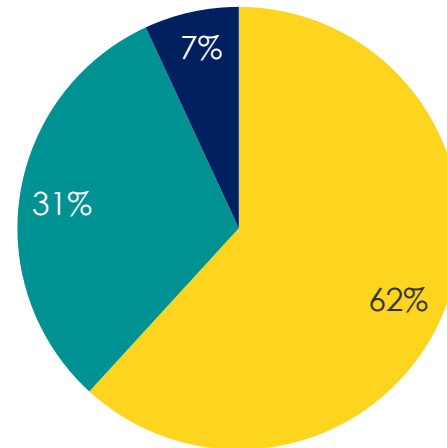
SEGMENTAL REVENUE ANALYSIS

H1FY17: GEOGRAPHIC SEGMENTS



- Europe and UK
- Africa
- USA
- Australasia

H1FY17: OPERATING SEGMENTS



- Household goods
- General merchandise
- Automotive



OPERATIONAL OVERVIEW

HOUSEHOLD GOODS



HOUSEHOLD GOODS

CONFORAMA

Results	H1FY17	H1FY16	Growth	Constant currency
Revenue (€m)	1 922	1 850	4%	4%
Operating profit (€m)	116	99	17%	
Operating margin	6.0%	5.4%	60 bps	

- Revenue growth impacted by low consumer confidence linked to the elections and high base in France due to unusually high television sales in the comparative period
- Core product like-for-like revenue decreased by 1.5%
- Margin improvement due to:
 - Growth in strategic higher margin product categories – upholstered furniture (sofas), mattresses, kitchens and decoration
 - Increased volumes driving sourcing and logistics efficiencies
 - Diligent cost management
- Lipo brand included in Conforama in the current period only
- Showroomprivé investment announced in May will support omni-channel strategy

HOUSEHOLD GOODS

ERM

Results	H1FY17	H1FY16	Growth	Constant currency
Revenue (€m)	1 258	1 113	13%	13%
Adjusted operating profit (€m)	136	125	9%	
Adjusted operating margin	10.8%	11.2%	(40 bps)	

- Poco continues to outperform the German market
- Germany revenue growth of 5% and like-for-like growth of 0.3%
- kika-Leiner included for only four months in the comparative period, lower margin business
- kika-Leiner stable like-for-like revenue growth performance
- €20 million refurbishment costs added back in adjusted operating profit
- Strong growth in eastern European operations

UNITED STATES OF AMERICA

Results	H1FY17
Revenue (€m)	1 518
Adjusted operating profit (€m)	69
Adjusted operating margin	4.5%

- Integration and brand consolidation of Sleepy's and Sleep Train completed with one-off costs of €48 million added back in adjusted operating profit
- Serta Simmons strategic partnership in terms of merchandise and marketing co-investment
 - Largest manufacturer in the US
 - New innovative merchandise
 - Wider customer base (more value price points)
- Majority stake purchased in Sherwood Bedding for house branded products
- Purple Bed agreement to drive omni-channel strategy

HOUSEHOLD GOODS

UNITED KINGDOM

Results	H1FY17	H1FY16	Growth	Constant currency
Revenue (€m)	325	401	(19%)	(6%)
Operating profit (€m)	23	26	(12%)	
Operating margin	7.1%	6.5%	60 bps	

- Challenging post-Brexit trading environment and store closures
- Pound sterling depreciated 14% against the euro
- Like-for-like sales decreased by 2%
- Margin growth due to:
 - Resilient bedding market
 - Optimisation strategy

HOUSEHOLD GOODS

AUSTRALASIA

Results	H1FY17	H1FY16	Growth	Constant currency
Revenue (€m)	261	159	64%	53%
Operating profit (€m)	20	9	>100%	
Operating margin	7.7%	5.7%	200 bps	

- Australian dollar appreciated 7% against the euro
- Fantastic Furniture contributed €92 million in revenue
 - Ahead of acquisition plan
 - Strong constant currency and like-for-like revenue growth
 - Solid margin performance
- Challenging trading conditions in the middle-market furniture brands
 - Negative like-for-like sales
 - Margin growth supported by solid performance in the bedding division

HOUSEHOLD GOODS

AFRICA

Results	H1FY17	H1FY16	Growth	Constant currency
Revenue (€m)	522	417	25%	10%
Adjusted operating profit (€m)	10	8	25%	
Adjusted operating margin	1.9%	1.9%	–	

- Appreciation of the rand by 14% against the euro
- Iliad acquisition included for only three months in comparative period
- Market share growth despite challenging economic environment
- Subdued like-for-like sales growth of 4%
- Unprofitable store closures completed – one-off costs of €5 million added back in adjusted operating profit and margin

HOUSEHOLD GOODS

Retail margin	Adjusted operating margin ¹	
	H1FY17	H1FY16
Conforama	6.0%	5.4%
ERM	10.8%	11.2%
UK	7.1%	6.5%
Australasia	7.7%	5.7%
Africa	1.9%	1.9%
Total adjusted retail operating margin (excluding USA)	7.1%	6.8%
United States of America	4.5%	–
Total adjusted retail operating margin	6.4%	6.8%

¹ Before capital items, adjusted for one-off costs being €48 million Mattress Firm rebranding costs, €20 million kika-Leiner refurbishment costs and €5 million Africa restructuring costs.

- Total margin impacted by lower Mattress Firm margin
- Solid margin performance overall in other business units

HOUSEHOLD GOODS

INTEGRATED SUPPLY CHAIN

Results	H1FY17	H1FY16	Growth
Internal supply chain	110	96	15%
External supply chain	92	114	(19%)
Total contribution	202	210	(4%)

- Additional group volume
- Reduced external supply chain contribution due to increased intra-group trade
- US dollar appreciated by 3% against the euro
- The group's largest-ever freight tender for 135 000 containers

HOUSEHOLD GOODS

PROPERTIES

	H1FY17	H1FY16	Growth
Operating profit (€m)	116	133	(13%)
Property value at cost (€m)	3 997	3 793	5%
Average property yield (annualised)	6.0%	7.4%	

- Additional depreciation charge as previously held investment properties became owner-occupied and the group assessed residual values and useful lives of its owner-occupied properties
 - Additional depreciation of €17 million not included in H1FY16
 - Reduces comparability of yield



OPERATIONAL OVERVIEW

GENERAL MERCHANDISE



GENERAL MERCHANDISE

Results	H1FY17	H1FY16	Growth
Revenue (€m)	3 181	1 774	79%
Operating profit (€m)	263	166	58%
Operating margin (excluding Poundland)	10.7%	9.4%	130 bps

- Resilience of defensive business model drives strong growth
- Like-for-like revenue growth of 10%
- Margins continue to benefit from operating leverage
- Footprint of 6 100 stores covering 2.7 million m²
- Europe and UK now comprise 44% of general merchandise revenue

GENERAL MERCHANDISE

AFRICA

Results	H1FY17	H1FY16	Growth	Constant currency
Revenue (€m)	1 443	1 157	25%	10%
Operating profit (€m)	191	150	27%	
Operating margin	13.2%	13.0%	20 bps	

- Like-for-like growth of 8% in South Africa
- Double-digit like-for-like growth in the rest of Africa
- 114 stores opened in addition to the acquisition of Tekkie Town (308 stores)
- Solid revenue and profit growth in Tekkie Town

GENERAL MERCHANDISE

EUROPE

Results	H1FY17	H1FY16	Growth	Constant currency
Revenue (€m)	1 400	310	>100%	>100%
Operating profit (€m)	74	17	>100%	
Operating margin (including Poundland)	5.3%	5.5%	(20 bps)	
Operating margin (excluding Poundland)	11.0%	5.5%	550 bps	

- Revenue growth of 58%, excluding Poundland acquisition
- Revenue constant currency growth of 60%, excluding Poundland acquisition
- Eastern Europe continues to grow like-for-like revenue at more than 20%
 - 116 new stores in five countries
- Poundland contributed €910 million in revenue – performing above expectation in terms of acquisition plan:
 - Positive like-for-like revenue growth
 - Multi-price point product range
 - Expansion of product ranges: Pep&Co store-in-store concepts rolled out
 - Optimisation of store network
 - Supply chain initiatives
 - Closure of 57 loss-making stores

GENERAL MERCHANDISE

AUSTRALASIA

Results	H1FY17	H1FY16	Growth	Constant currency
Revenue (€m)	338	307	10%	3%
Operating profit (€m)	(2)	(1)	–	

- Positive like-for-like growth despite challenging market conditions
- Negative margin due to store closures as part of repositioning



OPERATIONAL OVERVIEW

AUTOMOTIVE



Results	H1FY17	H1FY16	Growth	Constant currency
Revenue (€m)	702	591	19%	5%
Operating profit (€m)	21	21	–	
Operating margin	3.0%	3.6%	(60 bps)	

- Like-for-like sales growth of 3% despite continued decline in market
- Operating margin in line with longstanding historical performance, despite subdued economic environment

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FINANCIAL REVIEW



FINANCIAL REVIEW

INCOME STATEMENT

	H1FY17 €m	H1FY16 €m	Change	FY16¹ €m
Revenue	10 165	6 889	48%	13 427
EBITDA	1 110	915	21%	1 768
Depreciation and amortisation	(207)	(118)	75%	(258)
Operating profit before capital items	903	797	13%	1 510
Capital items	(18)	2		(10)
Operating profit	885	799	11%	1 500
Net finance costs	(129)	(82)	57%	(161)
Equity accounted earnings	60	26	131%	75
Profit before taxation	816	743	10%	1 414
Taxation	(105)	(103)	2%	(192)
Profit from continuing operations	711	640	11%	1 222
Discontinued operations	–	7		6
Profit for the period	711	647	10%	1 228

¹ 12 months ended 30 September 2016

FINANCIAL REVIEW

CASH FLOW	H1FY17 €m	H1FY16 €m
Cash flow from operating activities before working capital	1 186	971
Working capital changes	(274)	(410)
Cash generated from operations	912	561
Finance charges, dividends, tax and other	(899)	(237)
Net cash inflow from operations	13	324
Net cash flow from investing activities	(942)	(595)
Replacement capex	(259)	(94)
Expansion capex	(168)	(181)
Acquisition of subsidiaries	(395)	(89)
Other investing activities	(120)	(231)
Net cash inflow/(outflow) from financing activities	1 149	(49)
Net increase/(decrease) in cash and cash equivalents	220	(320)
Effects of exchange rate translations on cash and cash equivalents	33	(76)
Cash and cash equivalents at beginning of period	2 861	3 237
Cash and cash equivalents at end of period	3 114	2 841

FINANCIAL REVIEW

NET DEBT	31 Mar 2017 €m	12 months 30 Sep 2016 €m
Non-current interest-bearing liabilities	9 161	7 142
Current interest-bearing liabilities	124	274
Bank overdrafts	309	646
Gross debt	9 594	8 062
Cash and cash equivalents	(3 114)	(2 861)
Net debt	6 480	5 201
Equity	16 635	15 967
Net debt : Equity	39%	33%
EBITDA	1 110	1 768
Net finance charges	129	161
EBITDA interest cover (times)	8.6	11.0
Unutilised borrowing facilities at end of period	1 677	3 002

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QUESTIONS AND ANSWERS



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THANK YOU



THE WORLD OF **STEINHOFF** ADDING VALUE
to your 
lifestyle