

1.

WE HAVE HAD A SINGLE GOAL

Steinhoff
International Holdings Ltd

STEINHOFF INTERNATIONAL

ANNUAL FINANCIAL RESULTS PRESENTATION
FOR THE YEAR ENDED 30 JUNE 2008 (F 2008)

9 SEPTEMBER 2008

1 SINGLE GOAL } + 

AGENDA

- **Introduction**
- **Corporate activity**
- **Operational highlights**
- **Financial performance**
- **Operational performance by segment**
 - United Kingdom (UK) and European Union
 - Pacific Rim
 - Africa and India
- **Prospects**
- **10 year review**

CORPORATE ACTIVITY

MARKUS JOOSTE

1 SINGLE GOAL } +  +  +  

CORPORATE ACTIVITY

- **Equity interest in European Retail Management (ERM)**
 - First-time consolidation of results vs. profit participation income
- **Launched convertible bond (R1.6bn) due July 2015**
- **European properties restructured into European property fund**
- **Completion of North Eastern Cape Forest (NECF) production facilities and Woodchem acquisition**
- **Redemption of Steinhoff Africa corporate bond (R1bn) due November 2007 and launch of new bond (R1bn) due November 2012**
- **Substantial progress in Broad Based Black Economic Empowerment (BBBEE) transaction**
 - Transaction subject to shareholder approval at next AGM

OPERATIONAL HIGHLIGHTS

MARKUS JOOSTE

1 SINGLE GOAL } +  +  +  + 

OPERATIONAL HIGHLIGHTS

- **Continued turnaround in UK Retail**
- **Introduction of new European retail platform to capitalise on last 5-years' investments and to create a platform for future investments**
- **Development of brand management activities**
- **Substantial growth in intra-group supply and higher than expected growth of Steinhoff International worldwide sourcing operations**

OPERATIONAL HIGHLIGHTS

Continued

- **Major volatility in currencies throughout the world**
- **Continued investment in logistics fleet – in order to increase market share in South Africa.**
- **Above average results in vehicle retail despite difficult trading environment**

AUDITED ANNUAL RESULTS

MARKUS JOOSTE

1 SINGLE GOAL } +  +  +  

FINANCIAL PERFORMANCE

Highlights (year-on-year as reported)

Net cash flow from operating activities – Increase to R4.3bn	64%  2007: R2.6bn
Headline earnings – Increase to R3.4bn	32%  2007: R2.6bn
Headline earnings per share – Increase to 263.5cps	23%  2007: 215cps
Operating margin – Increase to 10.3%	10%  2007: 9.4%

FINANCIAL PERFORMANCE

Highlights (Circ 8/2007 - restatement)

<p>Headline earnings – Increase to R3.4bn F2007: R2.6bn restated to R2.4bn</p>	<p>32% ↑ 2007: R2.6bn</p> <p>→</p> <p>42% ↑ 2007: R2.4bn</p>
<p>HEPS – Increase to 263cps F2007: 215cps restated to 200cps</p>	<p>23% ↑ 2007: 215cps</p> <p>→</p> <p>32% ↑ 2007: 200cps</p>
<p>Operating margin – Increase to 10.3% F2007: 9.4% restated to 8.9%</p>	<p>10% ↑ 2007: 9.4%</p> <p>→</p> <p>16% ↑ 2007: 8.9%</p>

Headline earnings were restated in accordance with Circular 8/2007. Closure costs of R178m are now included within headline earnings. The restatement of the comparative numbers for F2007 is highlighted above.

Operating and financial performance

	2008		2007
Revenue (R'm)	45,046	32%	34,229
Operating profit (R'm)	4,662	54%	3,034
Headline earnings (R'm)	3,375	42%	2,378
EBITDA (R'm)	5,492	46%	3,755
EPS (cents)	250	3%	242
HEPS (cents)	264	32%	200
NAV per share (cents)	1,688	31%	1,292
Distribution per share (cents)	60	20%	50
ZAR denominated revenue	45%		51%
Average translation rate ZAR:EUR	10.7631	14%	9.4103

Segmental result

	<i>Rand million</i>		
	2008	2007	
Retail activities	27,309	20,875	
Household goods & building supplies	14,890	9,175	62%
Motor vehicles and finance	12,420	11,700	6%
Manufacturing and sourcing of household goods and related raw materials	19,268	13,787	40%
Logistical services	4,985	3,785	32%
Corporate services	926	821	
Brand management	362	275	31%
Investment participations	182	176	3%
Central treasury and other income	382	370	3%
Total	52,488	39,268	34%
Intersegment eliminations	(7,442)	(5,039)	48%
	45,046	34,229	32%

Segmental result

Operating profit before capital items

	<i>Rand million</i>		
	2008	2007	
Retail activities	1,453	719	
Household goods & building supplies	965	255	278%
Motor vehicles and finance	489	464	5%
Manufacturing and sourcing	2,184	1,683	30%
Logistical services	461	314	47%
Corporate services	1,046	825	
Brand management	362	275	31%
Investment participations	182	176	3%
Central treasury and other income	502	374	34%
Total	5,144	3,542	45%
Intersegment eliminations	(482)	(329)	
As previously stated	4,662	3,212	45%
<i>Less: Closure costs (Circ 8/2007)</i>	-	(178)	
As restated	4,662	3,034	

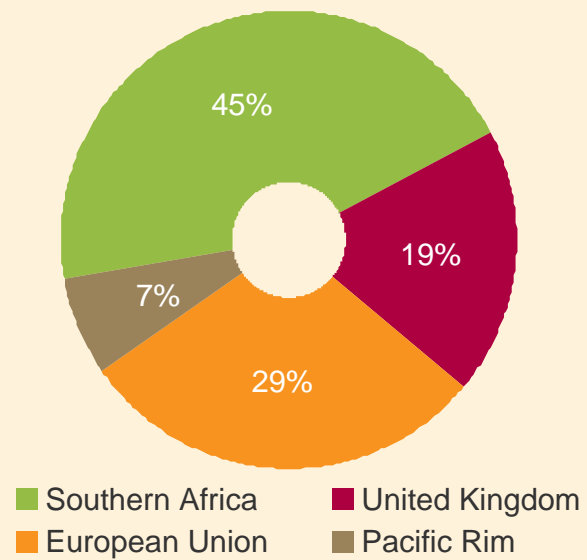
Segmental margins

Operating profit before capital items

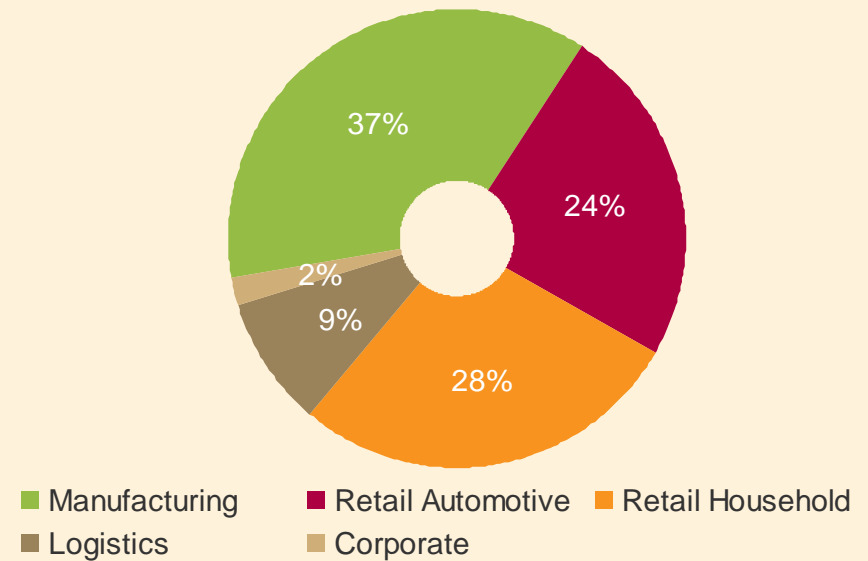
	2008	2007
Retail activities	5.3%	3.4%
Household goods & building supplies	6.5%	2.8%
Motor vehicles and finance	3.9%	4.0%
Manufacturing and sourcing	11.3%	12.2%
Logistical services	9.2%	8.3%
Corporate services	-	-
Total (after intersegment eliminations)	10.4%	9.4%
Less: Closure costs (Circ 8/2007)	-	(0.5%)
As restated	10.4%	8.9%

Revenue analysis

Regional revenue



Segmental revenue



Cash flow

	<i>Rand million</i>		
	2008	2007	
Operating profit before capital items	4,662	3,034	54%
Depreciation	831	721	(15%)
Revaluation of biological assets	(195)	(107)	(82%)
Other non-cash adjustments	88	281	(69%)
Working capital changes	98	(475)	
<i>Inventory</i>	43	(304)	114%
<i>Debtors</i>	(129)	(411)	69%
<i>Creditors</i>	184	240	(23%)
Dividends, taxation and interest	(1,253)	(867)	(45%)
Cash flows from operating activities	4,231	2,587	64%

Cash flow

Continued

	<i>Rand million</i>	
	2008	2007
Cash flows from operating activities	4,231	2,587
Investing activities	(5,943)	(1,943)
<i>Fixed assets: replacement capex</i>	(629)	(545)
<i>Fixed assets: expansionary capex</i>	(2,090)	(2,414)
<i>Investment in subsidiaries</i>	(2,042)	890
<i>Decrease/(increase) in investment and loans</i>	1,403	103
<i>Investment in associates</i>	(1,630)	(54)
<i>(Increase)/decrease in treasury shares</i>	(955)	77
Financing activities	1,399	(650)
Movement in cash and cash equivalents	(313)	(6)

Headline earnings reconciliation

	<i>Rand million</i>	
	2008	2007
Attributable earnings	3,310	2,970
<i>Capital items (net of tax)</i>	176	(496)
Impairment: Associate	155	-
Impairment: PPE	8	65
Other impairments	2	6
Goodwill adjustments	(4)	-
Loss/(profit) on capital disposals	15	(567)
<i>Preference share dividends</i>	(111)	(96)
Headline earnings	3,375	2,378

Capital structure

	2008	2007
Total equity (R'm)	24,784	17,358
<i>Ordinary shareholders' funds (R'm)</i>	20,773	16,233
<i>Preference share capital (R'm)</i>	1,042	1,042
<i>Minority interest (R'm)</i>	2,969	82
 Net debt (R'm)	 9,388	 4,119
Gearing	38%	24%
Interest cover (times)	6.6	6.7
EBITDA cover (times)	7.8	8.3
Average tax rate	10%	12%
 Closing rate ZAR:EUR	 12.3341	 9.5735
Percentage increase in closing rate = 29%		

Tax rate reconciliation

	2008	2007
Standard rate of tax	28%	29%
Dividends received	-	(0.3%)
Foreign subsidiaries' statutory tax rate effect	(13.8%)	(14.9%)
Effect of profit of associate companies	(0.3%)	(0.7%)
Prior year adjustment	(0.3%)	0.2%
STC	0.2%	0.5%
Utilisation of tax losses	(4.2%)	(1.4%)
Total	9.6%	12.4%

OPERATIONAL REVIEW

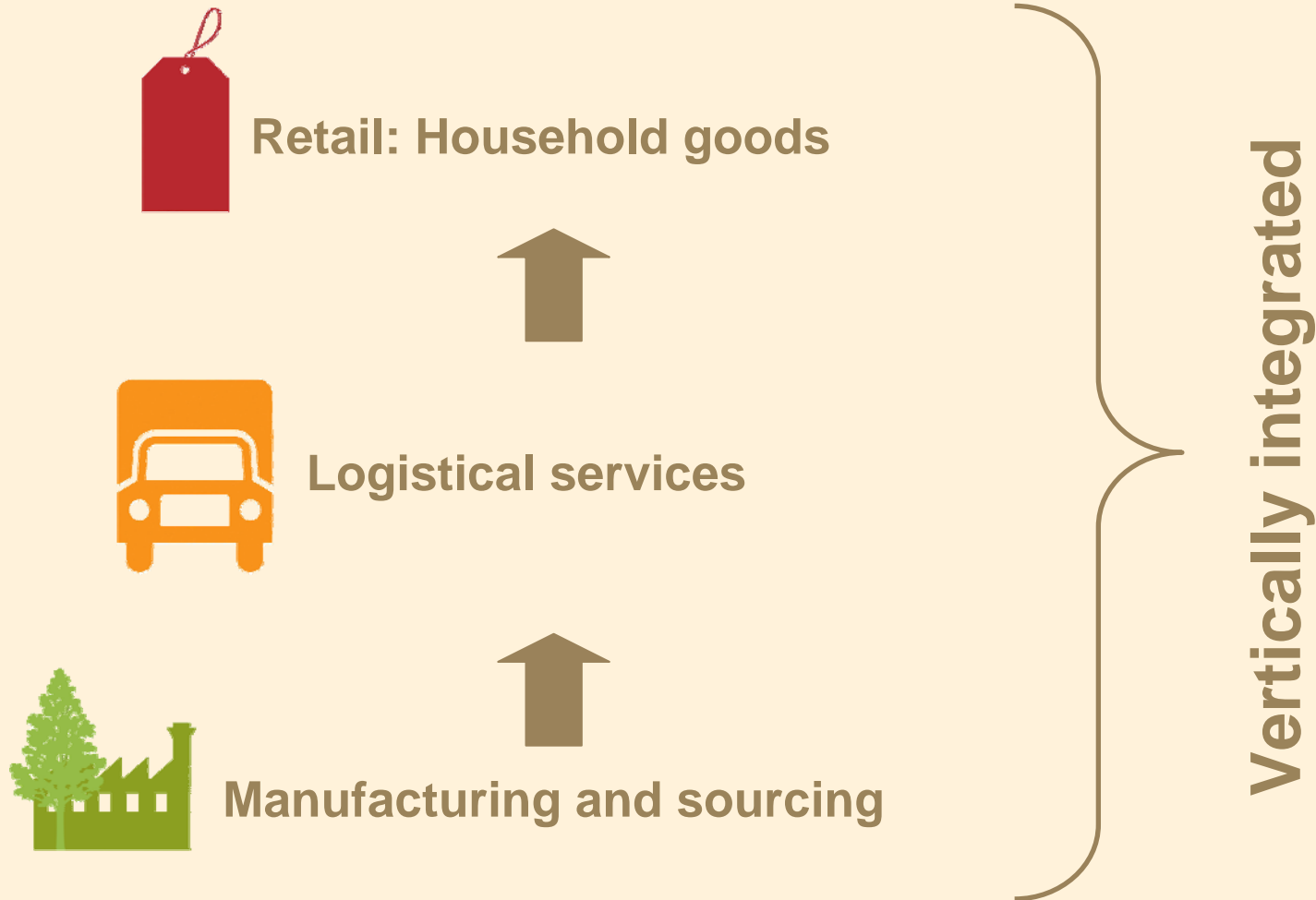
UNITED KINGDOM AND EUROPEAN UNION

MARKUS JOOSTE

1 SINGLE GOAL } +  +  +  + 

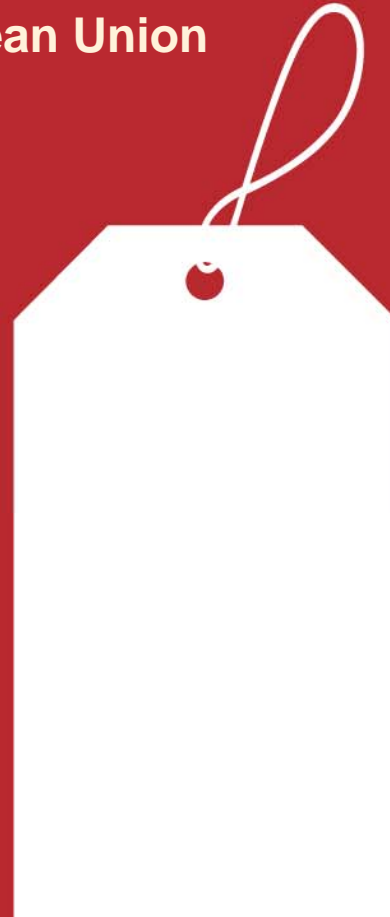
Europe

Vertically integrated business model



Retail: Household goods

United Kingdom and European Union



Retail: Household goods

United Kingdom

- **Economic environment approaching recession**
- **Retail: Furniture**
 - Improved margins, on flat sales
 - Extended range offering
 - Restructuring complete
 - Competitors' predicament
 - Coronation Street campaign supports brand awareness growth
- **Retail: Beds**
 - Stable
 - Variable turnover-based concessions stores



Retail: Household goods

Continental Europe

- **Consolidation through ERM**
 - Substantial retail base
 - Extensive footprint
 - Vehicle for completion of strategy in Europe

- **Successful store-in-store growth**
 - Henders and Hazel Studios
 - Esprit Studios
 - Expansion into new markets



Logistics

United Kingdom and European Union



Logistics

United Kingdom and European Union

- **Unitrans UK**

- Results affected by difficult trading environment
- Inter-company initiatives

- **Global Warehouse Logistics (GWL) - Europe**

- Satisfactory performance
- Focus on ERM growth
- Eastern European central distribution 'hub' near completion



Manufacturing and sourcing

United Kingdom and European Union



Manufacturing and sourcing

United Kingdom

- **Substantial increase in intra-group supply**
- **Raw material divisions**
 - Pritex continued exceptional performance
 - Increased range of foam bedding products
 - Tier 1 Nissan accolade
- **SUKU**
 - Dedicated supplier to Harveys (> 90%)
 - Cost effective
 - New ranges
- **Relyon**
 - Satisfactory results



Manufacturing and sourcing

European Union

- ERM vertical integration platform established and is gaining momentum
- Euro strength vs. Dollar supports increased margins
- Strength of Zloty
 - Restructuring
 - Labor migration stabilises
- Consolidation in manufacturing sector continues
- Increased focus on intra-group supply



Manufacturing and sourcing

Steinhoff International Sourcing

- Exceptional year-on-year growth
- Operating leverage due to incremental volumes
- ERM opportunity
- Operations bolstered- increased activity levels



OPERATIONAL REVIEW

AFRICA, INDIA AND PACIFIC RIM

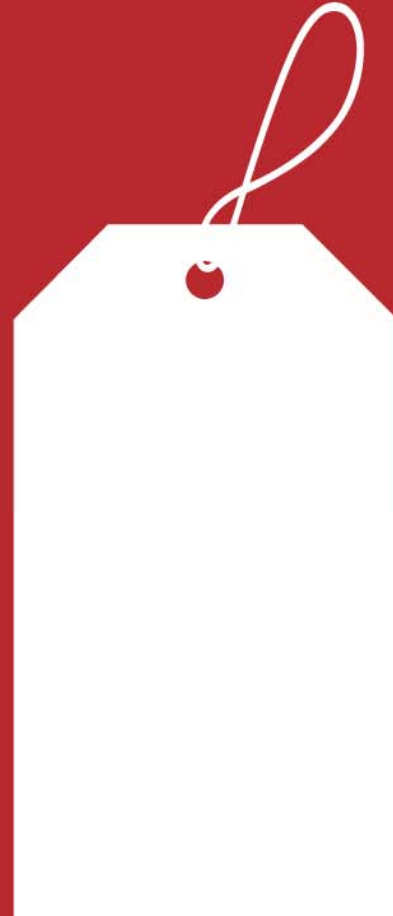
DANIE VAN DER MERWE

1 SINGLE GOAL } +  +  +  + 

Significant events

- **North Eastern Cape Forest (NECF) now wholly owned**
- **Acquisition of Woodchem**
- **Completion of NECF project**
- **Continued investment in logistics fleet – in order to increase market share in South Africa.**
- **Above average results in Vehicle retail despite difficult trading environment**
- **Broad Based Black Economic Empowerment initiatives**

Retail: Household goods and building supplies



Retail: Household goods

Pacific Rim

- **Adverse economic conditions continues**
- **Recession in New Zealand affected results**
- **Freedom Australian, Snooze and BayLeatherRepublic**
 - Satisfactory results despite tough trading environment
- **Homewares division**
 - Re-assess business model



Retail: Household goods

Africa

- **Household goods**
 - Opportunities continuously explored



Retail: Building supplies

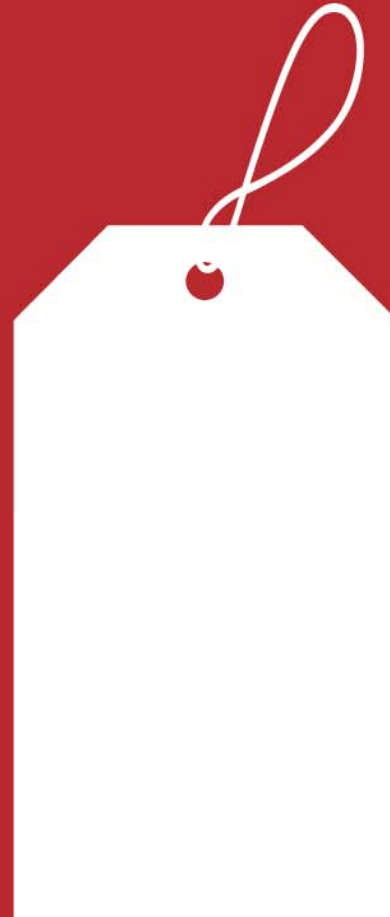
Africa

- **Building supplies**
 - **Timbercity and Pennypinchers**
 - Restructured under Steinbuild
 - New management
 - Increased start-up costs resulted in margin decline
 - Increasing footprint



Retail: Vehicles

Africa



Retail: Vehicles

Vehicles and financial services

- Exceptional performance despite economic environment
- Margins maintained
- Hertz
- Parts and services
- Streamlined overhead structure



Logistics

Africa



Logistics

Africa

- **Unitrans Supply Chain Solutions**

- Outstanding performance
- Rising input costs recovered (fuel)
- New contracts result in balanced industry exposure
- Current market conditions exploited to gain market share
- The quality of current and new contracts ensure sustainability of future profits



Logistics

Africa

- **Passenger**
 - Performed in-line with expectations
 - New industry contracts
 - Expansion opportunities



Logistics

Pacific Rim

- **Kings Park facility - Australia**
 - Project synergies and cost savings realised
 - Increased capacity
 - Improved technology



Manufacturing and sourcing

African and India



Manufacturing and Sourcing

PG Bison

- **Commissioning of NECF plant**
 - Official opening in April
 - On time and within budget
- **Satisfactory performance**
- **Adverse market conditions during latter part of year**
- **Stable performance at operating profit level**
- **Stellenbosch closed**
- **Self-sufficiency in resin**
- **Forestry and sawmilling – satisfactory performance**



Manufacturing and Sourcing

PG Bison

- **Raw material division**

- Slowdown in household goods retail market
- Restructuring
- Input costs rising
- Fire at Vitafoam - Langlaagte
- Decreased dependence on household goods market

- **India**

- Cut and sewn facility - intra-group supplies
- Disappointing performance
- Focus on intra-group sales (SteinPol)



1.

WE HAVE HAD A SINGLE GOAL

10 years since listing – video

STEINHOFF INTERNATIONAL

PROSPECTS

MARKUS JOOSTE

1 SINGLE GOAL } +  +  +  + 

PROSPECTS

- **Global slow-down/recession**
- **Credit and consumer environment**
- **Challenging trading conditions**
- **Management remains confident on group's prospects**
- **Continue to investigate household goods retail opportunities within South Africa**

PROSPECTS

- **Increase European retail footprint through ERM**
- **Focus on Steinhoff International sourcing to grow its global footprint**
- **Explore and investigate India for further investment in both manufacturing and retail**
- **Continue to develop, market and build our international brands throughout the world**
- **Manage capex requirements and logistics market share growth**
- **Directorate changes**

10th year since listing

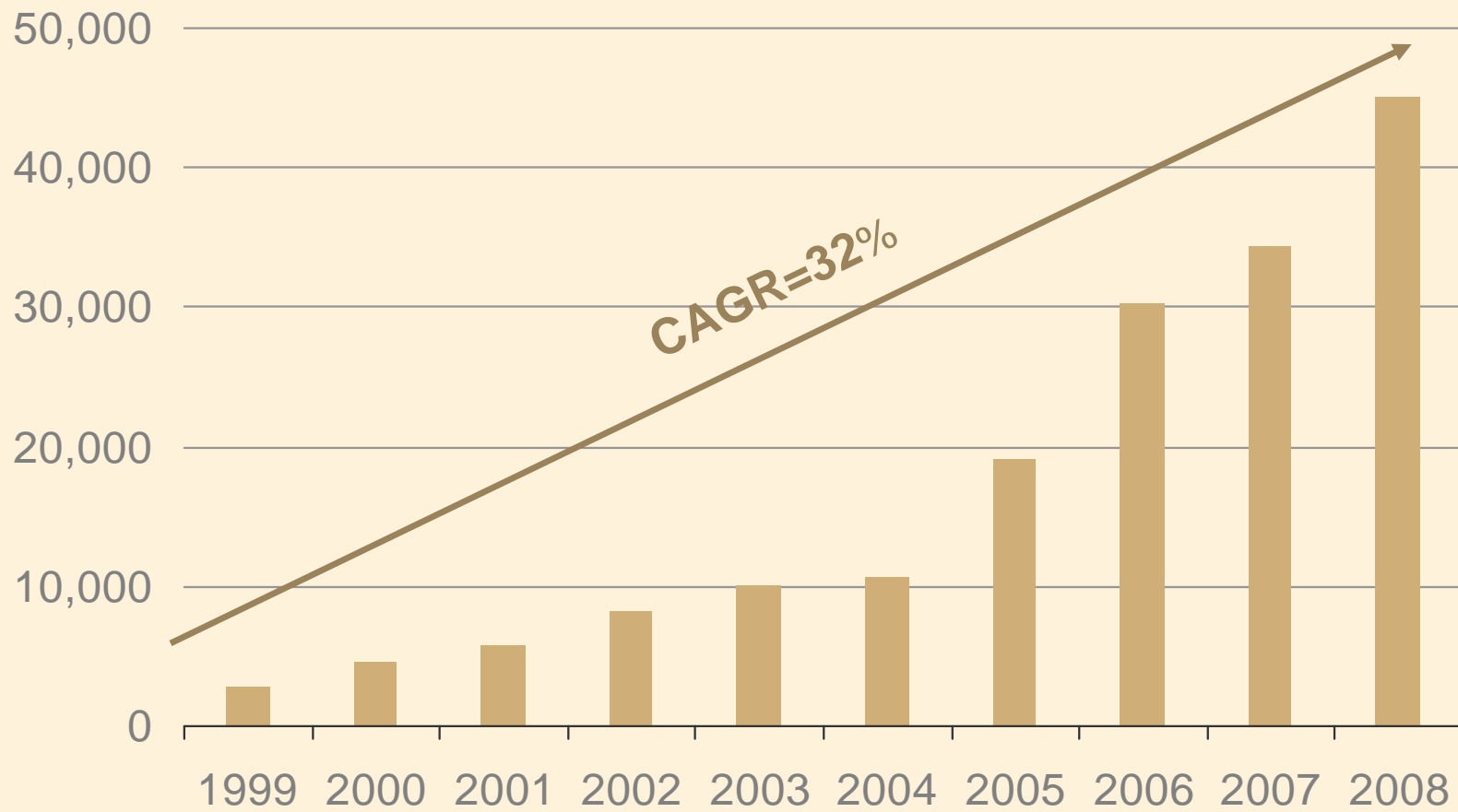
September 1998 – September 2008

MARKUS JOOSTE

1 SINGLE GOAL } +  +  +  

10 Year review

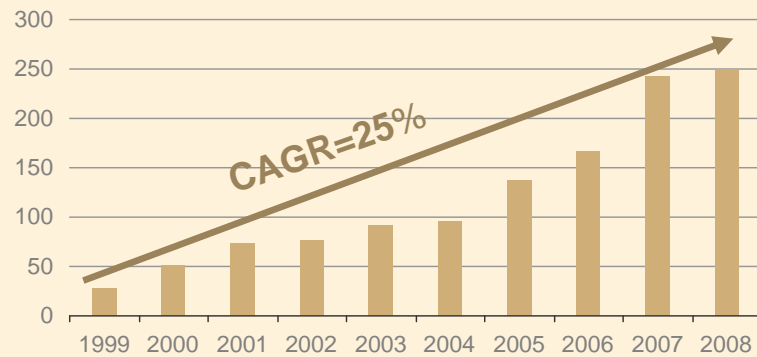
Revenue growth (R'm)



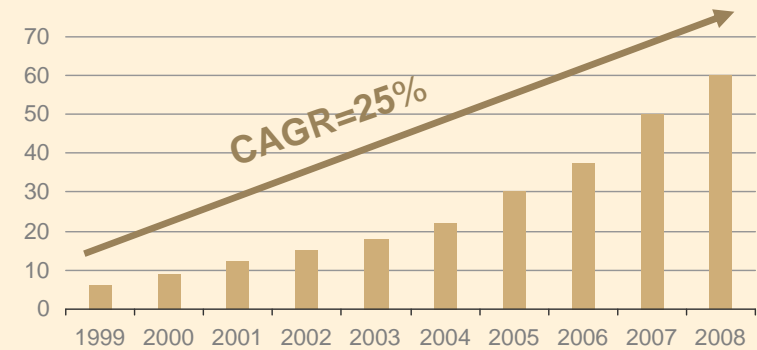
10 Year review

Continued

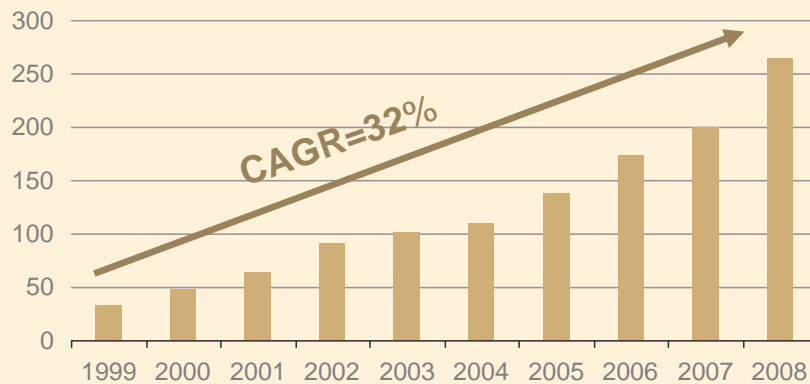
Earnings per share (cents)



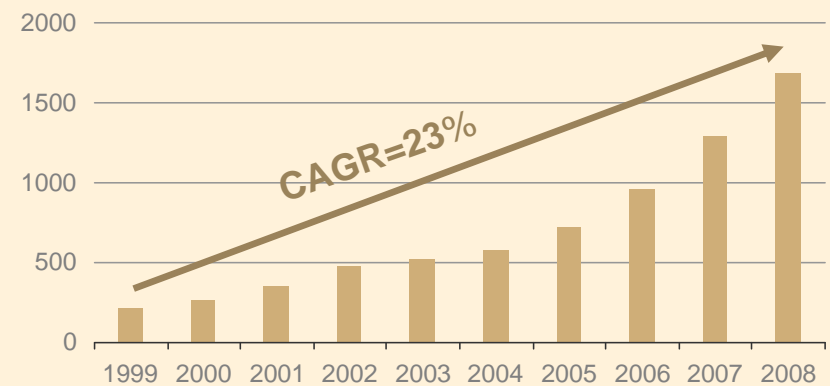
Distribution to shareholders (cents)



Headline earnings per share (cents)



Net Asset value per share



STEINHOFF INTERNATIONAL

THANK YOU

1 SINGLE GOAL } +  +  +  + 