



CUSTOMER



RETAIL -
HOUSEHOLD GOODS



RETAIL -
AUTOMOTIVE



RETAIL -
DIY



MANUFACTURING
AND SOURCING



LOGISTICS



CORPORATE
SERVICES



Interim Results

for the six months ended 31 December 2009

March 2010

Agenda

Introduction

Period under review

Operational review

- Northern hemisphere
- Southern hemisphere

Segmental performance

Financial performance

Prospects



Introduction

Markus Jooste

CEO



Period under review

Len Konar

Chairman



Period under review

Solid results in what remains a challenging market

- **Market share gains in Europe**
- **Value segment continue to take market share**
- **Increased penetration into new territories**
- **Solid African performance**



Period under review

Operating margin improved to 10.1%

- Volatile currency environment
- Continued integration throughout operations
 - Growth in intra-group sales of 28%

Financial markets in healthier state

- Net gearing at 36% (FY 09: 35%)
- Net finance charges decrease to R509m (H1 09: R609m)



Operational review

Northern hemisphere



Retail: Household goods

United Kingdom and Continental Europe



Retail: Household goods

United Kingdom

Retail: Furniture and household goods

“after three years in turnaround and consolidation mode, the future focus has turned to expansion and growth”



Retail: Household goods

United Kingdom

Retail: Furniture and household goods

- **Harveys**
 - Rapid like-for-like sales growth
 - Trading from 163 stores
 - Internet sales making rapid progress
 - Raised consumer awareness
- **Reid**
 - Strong run into Christmas
 - Irish operations remain a challenge
- **Cargo**
 - Clear trading format emerging with potential for growth
 - Rapid store expansion programme



Retail: Household goods

United Kingdom

Retail: Beds

“The business has now developed a good trading rhythm and is in better shape than at any time over the last 4 years”



Retail: Household goods

United Kingdom

Retail: Beds

- **Bensons**
 - 10 new stores opened
 - Strong gross margins and balance of sales
- **Sleepmasters**
 - Concessions within Reid delivering results
- **Bed Shed**
 - Focus on costs and gross margin is paying off
- Significant intra-group growth in foam mattresses



Retail: Household goods

Continental Europe

Retail: Furniture and household goods

“the sustained demand for a value offering has now shifted the emphasis from turnover growth to further improve margins”



Retail: Household goods

Continental Europe

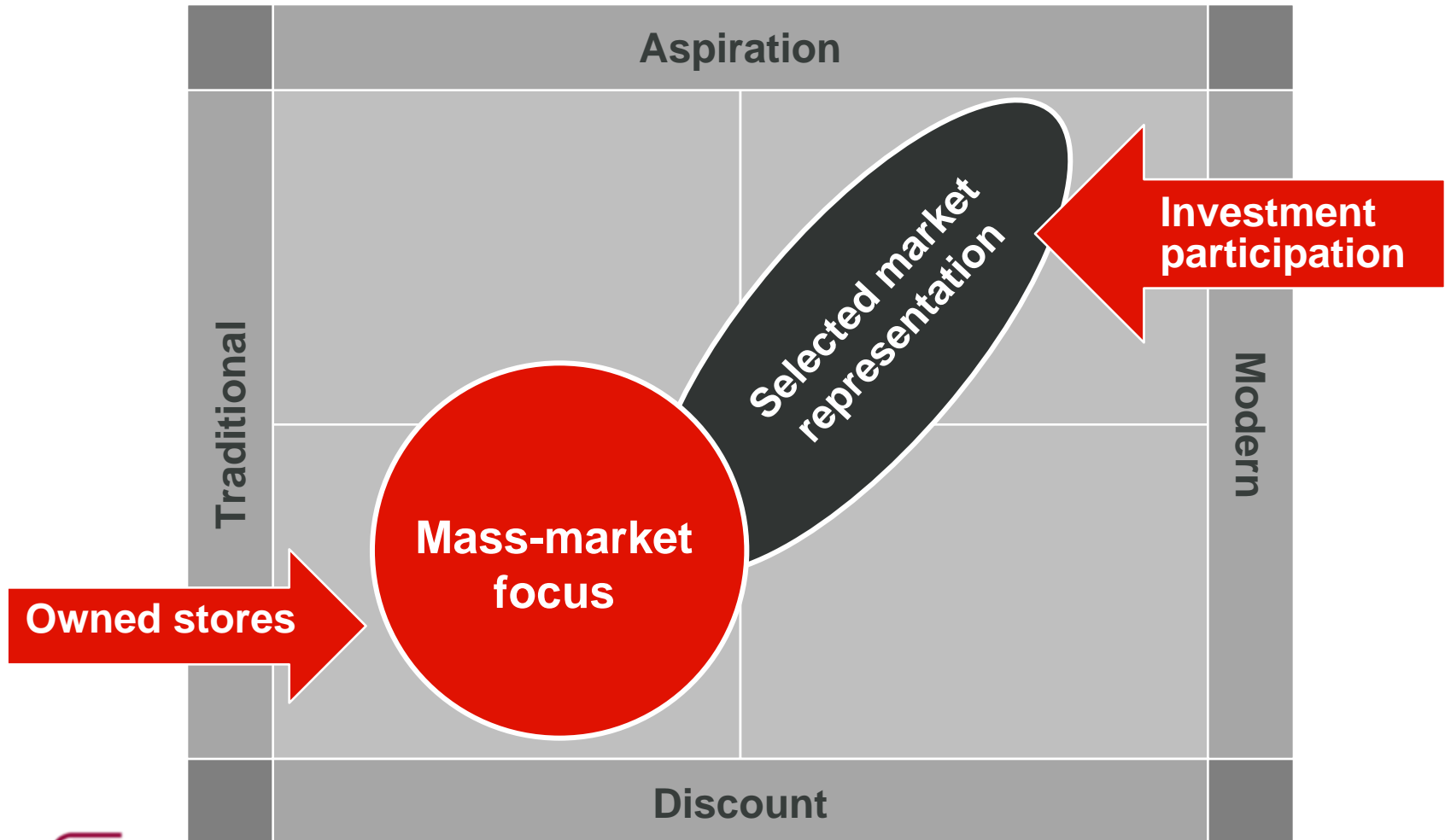
Retail: Furniture and household goods

- **ERM**
 - Continue to benefit from value offering
 - Large format, full range stores remain relevant
 - Entire store network converted
 - Footprint to be expanded
 - Internet sales platform established
 - Consolidation opportunities remain prevalent



Retail: Household goods

Continental Europe



Retail: Household goods

Continental Europe: Investment participation

“The variable cost structure that retail concepts, participating investments and exclusive studios provide, enable us to participate in the more affluent market segments and better manage the volatile demand in this segment”



Retail: Household goods

Continental Europe

Investment participation

- Retail concepts
 - Growth in Henders & Hazel studios continues
 - Launched exclusive Dieter Knoll studios
 - Re-positioned Esprit studios
 - Increased demand for dedicated Hukla studios
- Participating investments
 - Focus on eastern European countries
 - Availability of retail sites on attractive terms



Logistics

United Kingdom and Continental Europe



Logistics

United Kingdom and Continental Europe

“In- and outbound logistics, home-delivery and warehousing expertise remain a barrier to entering the volume segment of the furniture business”



Logistics

United Kingdom and Continental Europe

- **Unitrans UK**
 - **Intra-group delivery**
 - **Cargo**
 - **Harveys**
- **Continental Europe: Global Warehouse and Logistics**
 - **Growth focussed on intra-group and strategic investment partners**



Manufacturing and sourcing

United Kingdom and Continental Europe



Manufacturing and sourcing United Kingdom

“Prices of containers have increased within 12 months from a low of £800 to approaching £3,000 today. This is changing the competitive dynamics of Asia vs. Europe”



Manufacturing and sourcing United Kingdom

Specialist foam converter: Pritex

- Strong recovery
- Roll-up mattresses
 - From zero to 1500 per week
 - New premises and increased volumes should increase margin further

Dedicated Upholstery factory: Suku

- Ahead of sales and profit targets
- Examining possibility of greater UK production



Manufacturing and sourcing

United Kingdom

Flagship bedding manufacturer: Relyon

- **Room for improved performance**
 - Revenue sales growth of 16%
 - Gross margins shortfall
- **Plans underway to capitalise on growth**



Manufacturing and sourcing Continental Europe

Mattress manufacturer: Norma

- Sales and margin exceeded expectations
- New drive behind fashionable box/spring combinations
 - Trialing in Bensons

Mattress manufacturer: HUKLA

- Benefits from reporting into UK
 - Foam pricing and usage optimised



Manufacturing and sourcing Continental Europe

2010 – The Continental Collection, **by Norma**, for Bensons



Manufacturing and sourcing Continental Europe

HUKLA®
German Comfort Class

FOCUS
GESUNDHEIT

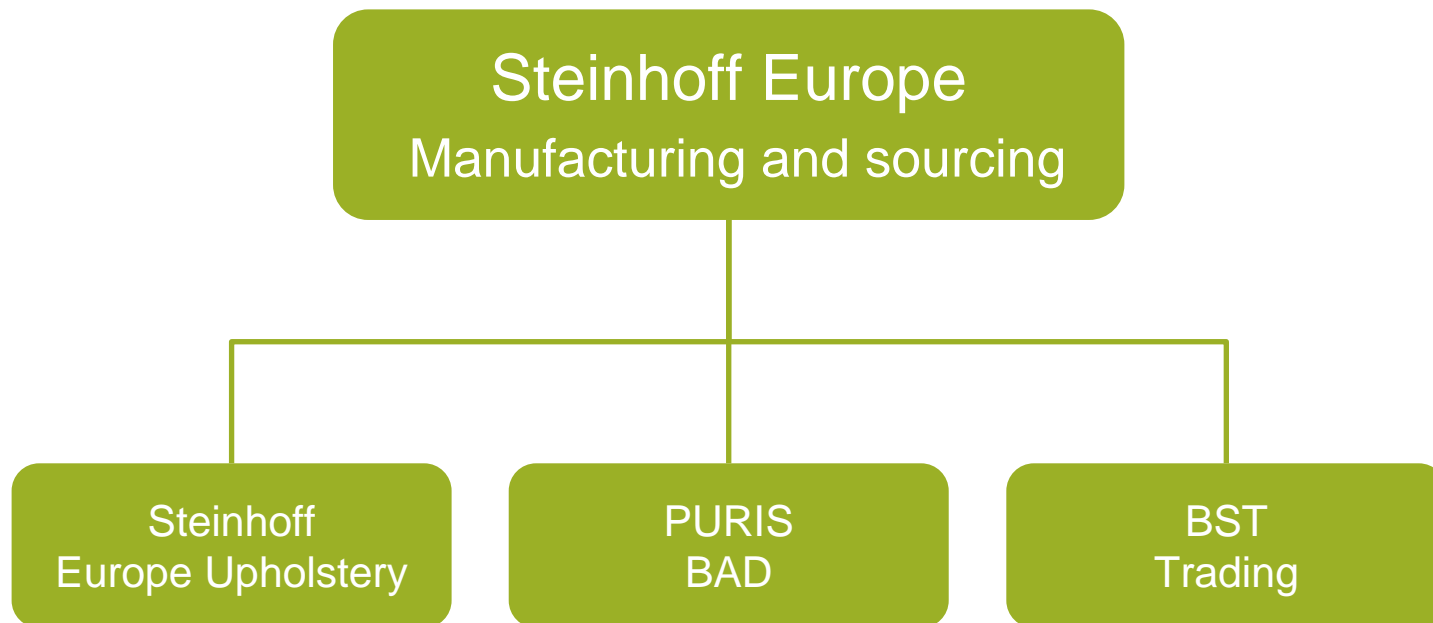


Buchen Sie
jetzt Ihr
Event

Life
Kinetik
mit re*flex



Manufacturing and sourcing Europe



Manufacturing and sourcing

Continental Europe: Steinhoff Europe Upholstery

“Consolidating market conditions support profitable growth”



punch
PUNCH® und Arthur Abraham – ein starkes Team

Arthur Abraham steht im Mittelpunkt einer hochprofiligen Kampagne für das neue hochmoderne Steinhoff PUNCH®. Die Marke steht symbolisch für unsere herausragende Dienstleistungsphilosophie PUNCH® wie zum Beispiel:

- robust ...**
... wir als Bauwerkstoffe! Dank der vollständigen Verfügbarkeit von PUNCH® können die Herausforderungen selbst im stressigsten Fall ab.
- natürlich ...**
... wir als Teil des Ökosystems. Jedes für diese der verschiedenen Materialien aus der Marke PUNCH® ist hochgradig nachhaltig und umweltfreundlich.
- edel ...**
... wir „Abg. Arthur“ PUNCH® macht aus jeder Sache ein unverwundliches, edles Meisterwerk.

Steinhoff
INTERNATIONAL



Manufacturing and sourcing

Continental Europe: Steinhoff Europe Upholstery

Trade brand portfolio gathering momentum

- **Greater consumer demand for quality**
- **Improves margin of manufactured goods**
- **Exclusive to strategic retail partners**



Manufacturing and sourcing

Continental Europe: Steinhoff Europe Upholstery

Greater consumer demand for quality

// Premium



Planen leicht gemacht.
Denn bei polsteria perfekt passt.

polsteria
HERSTELLER SEIT 1958



HOMEtex
DER ANTI-FLECKEN-STOFF



Der Stoff, der das Leben leichter macht.

// geschützt vor Flecken



Der Stoff, der das Leben leichter macht!

- geschützt vor Flecken
- einfach mit Wasser zu reinigen
- hautsympathisch

HOMEtex
DER ANTI-FLECKEN-STOFF

Jeans-Test:
mit Auszeichnung
bestanden!

- reibfest
- farbecht
- pflegeleicht

5 Jahre Garantie

LONGtex
DER HIGHTECH-STOFF



POLSTERFASHION

Internationale Polstermode aus Köln, Paris und Birmingham | Interaktive Design-Produktion | Leicht zu reinigen | Modernisierte VEGAN-Lösungen | 100% recyceltes Upholstery (Leather Free, Canvas, Faux und Bioleather) | Funktion durch neue upholstery (Korpusse), Sitzeinlagen | Herstellertechnik der VEGAN-Mode.



produced by ABWILKAMP



Manufacturing and sourcing

Continental Europe: Steinhoff Europe Upholstery

Exclusivity to strategic retail partners



Manufacturing and sourcing

Continental Europe: Steinhoff Europe Upholstery

Exclusivity to strategic retail partners

HUKLA[®]
German Comfort Class



Manufacturing and sourcing

Continental Europe: Manufacturing

Steinhoff Europe: Upholstery

- **Central organisation**
 - improved efficiencies
 - improved productivity
 - improved sales and marketing
- **Zloty weakness**
- **Benefitting from industry consolidation**

Puris Bad

- **Runaway success**



Sourcing Asia

“Focus on supplier consolidation has improved quality and service to retailers”



Manufacturing and sourcing Asia

- **Year-on-year growth**
 - **Intra-group**
 - **Capacity constraints**
 - **Alternative territories explored**
- **Service levels**
 - **Supplier consolidation**
 - **Quality service standards**
 - **Skilled team**
- **Competitive edge**



Operational review

Southern hemisphere

Danie van der Merwe

CEO: Southern hemisphere



Retail: Household goods

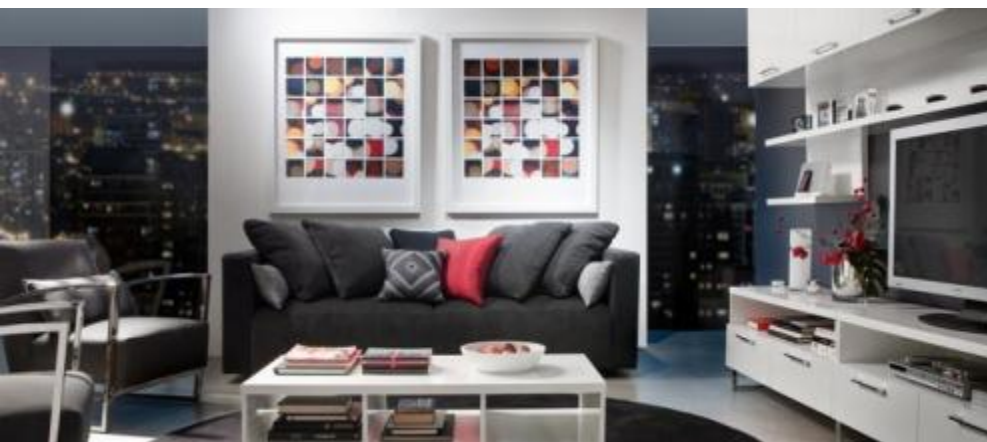
Pacific Rim



Retail: Household goods

Pacific Rim

“Despite improved consumer sentiment , intense competitive pressure forced discounting that affected gross margins”



Retail: Household goods

Pacific Rim

- **Improvement in consumer sentiment**
- **Freedom**
 - **Sales**
 - **Discounting throughout industry**
 - **Aggressive marketing**
 - **Gross margin**
 - **Differentiation**
 - **Product mix**
 - **Improved buying**



Retail: Household goods

Pacific Rim

- **BayLeatherRepublic**
 - Right model
 - Strong growth opportunities

- **Snooze**
 - Strong performance
 - Franchise pipeline
 - ‘Sleep to live’



Retail: Building supplies

Southern Africa



Retail: Building supplies

Southern Africa

“Business model, brand position and operational structures re-aligned to match current market conditions”



Retail: Building supplies

Southern Africa

- Year-on-year sales down
- Margin retention
- Re-alignment of business



Retail: Automotive

Southern Africa



Retail: Automotive Southern Africa

“While underlying consumer demand remains strong, lack of available credit to new vehicle buyers continues to put pressure on new car sales”



Retail: Automotive

Southern Africa

- **Subdued new vehicle sales**
 - **Market contraction**
- **Growth in used vehicle sales**
- **Parts and services: solid performance**
- **Hertz**
- **Toyota**



Logistics

Southern Africa



Logistics

Southern Africa

“The contractual and service-driven nature of the business model continues to deliver results”



Logistics

Southern Africa

- **Freight and Logistics**
 - Growth year-on-year
 - Growth in less capital intensive business streams
 - Well balanced industry exposure
- **Sugar and Agriculture**
 - Business re-engineering proved successful
 - Capital intensive
 - Differentiation
- **Fuel and Chemical**
 - Safety and service levels drive increased business
 - Strong growth opportunities
 - Niche market



Passenger Southern Africa

“Appropriate mix of business delivered results”



Passenger

Southern Africa

- **Strong growth in contractual business**
- **Intercity record**
- **Gautrain contract**
- **Soccer World Cup**



Manufacturing and sourcing Southern Africa



Manufacturing and sourcing Southern Africa

“The group remains well-positioned to weather the downturn and take advantage of the upturn, when it comes”



Manufacturing and sourcing Southern Africa

Timber operations

- **Panel Products**
 - Pricing pressure
 - Low cost production
 - Value adding
- **Timber Products**
 - Forestry: strong performance
 - Structural market
 - Value adding focus
- **Woodchem**
 - Good margin conversion
 - Quality product



Manufacturing and sourcing Southern Africa

Raw material operations

- **Foam**
 - Strong performance
 - New technology
 - Good growth opportunities
- **Textiles**
 - New dimension
 - New technology
- **Steel products**
 - Diversification



Manufacturing and sourcing

- **India**
 - **New technology**
 - **Stronger intra-group sales**
 - **Eastern Europe**
 - **Asia/Thailand**
- **Associate investment**
 - **KAP showed improved performance**



Segmental performance

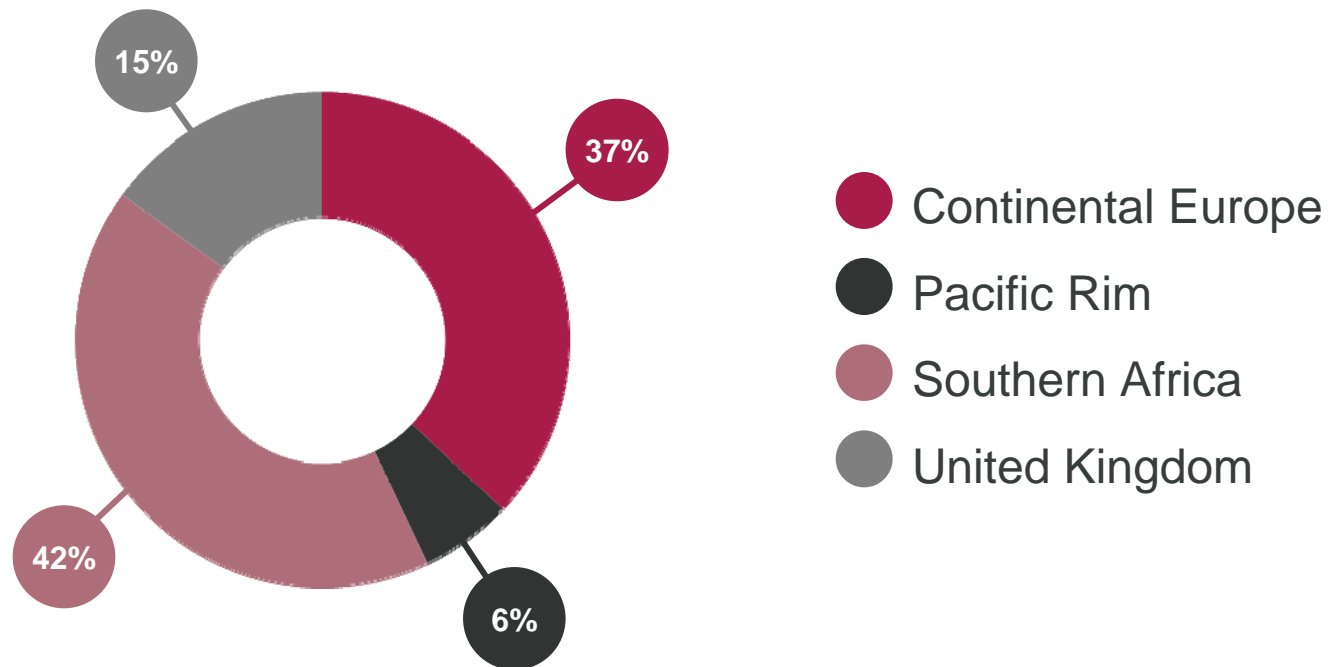
Markus Jooste

CEO



Revenue analysis

Net revenue per geographical segment*



* Net revenue excludes intra-group sales



Financial performance

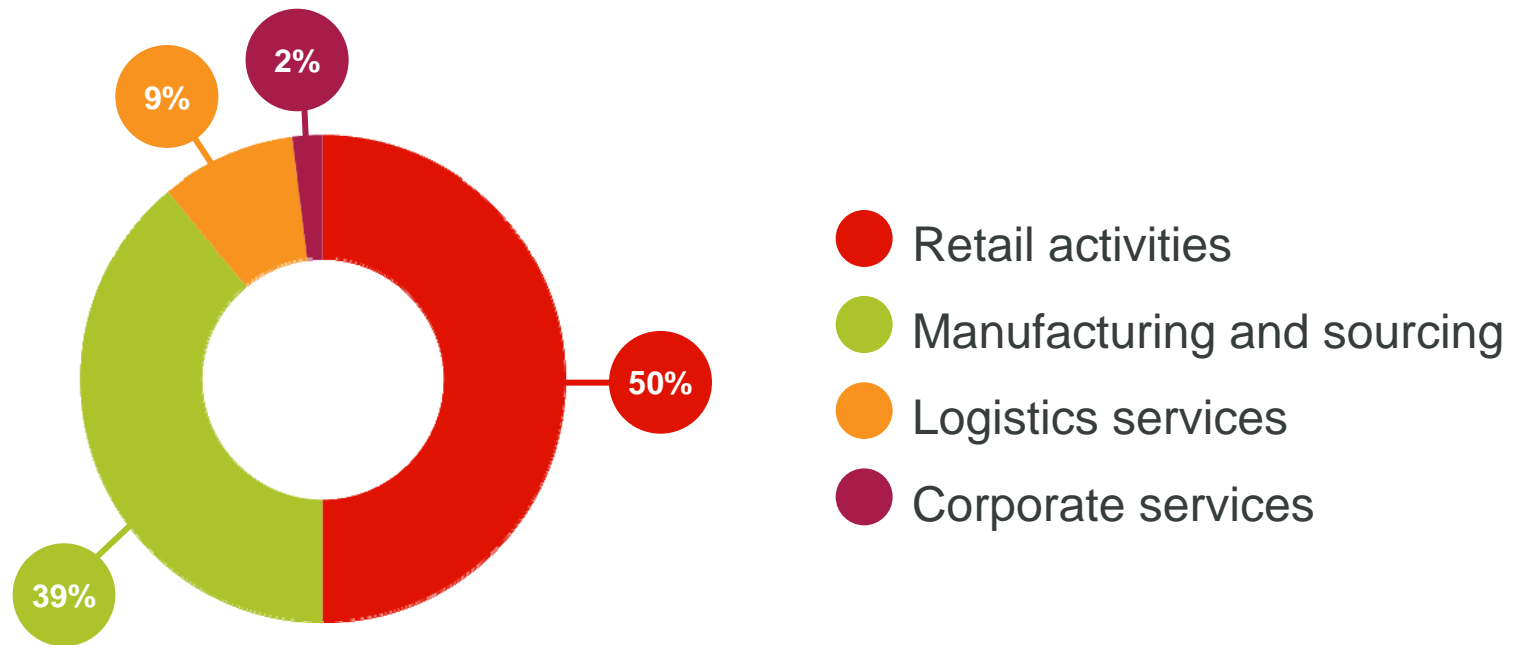
ZAR denominated revenue: 42% (2009: 39%)

	Average translation rate			Closing translation rate		
	H1 10	% change	H1 09	H1 10	% change	FY09
EUR:ZAR	11.15	10.2%	12.42	10.64	1.8%	10.83
EUR:PLN	4.29	(14.1%)	3.76	4.11	8.1%	4.47
EUR:GBP	0.88	-	0.88	0.90	(5.9%)	0.85
EUR:AUD	1.68	8.7%	1.84	1.61	8.0%	1.75
EUR:USD	1.42	-	1.41	1.40	2.1%	1.43
EUR:HUF	271.64	(8.3%)	250.91	270.84	0.6%	272.43
EUR:NZD	2.08	8.0%	2.26	2.00	7.8%	2.17



Revenue analysis

Revenue per segment



Segmental result

Segmental revenue

	H1 10 R'm	H1 09 R'm	%
Retail activities	15,895	15,702	(1%)
Household goods and building supplies	10,099	10,152	(1%)
Automotive	5,796	5,550	4%
Manufacturing and sourcing	12,560	12,256	2%
Logistics services	2,934	3,043	(4%)
Corporate services	637	542	18%
Properties	179	-	-
Brand management	179	192	(7%)
Investment participations	133	92	45%
Central treasury and other income	146	258	(43%)
Total	32,026	31,543	2%
Intersegment eliminations	(7,180)	(5,603)	28%
Total group revenue	24,846	25,940	(4%)



Segmental result

Operating profit before capital items

	H1 10 R'm	H1 09 R'm	%
Retail activities	720	647	11%
Household goods and building supplies	598	522	15%
Automotive	122	125	(2%)
Manufacturing and sourcing	1,128	1,221	(8%)
Logistics services	335	289	16%
Corporate services	569	589	(3%)
Properties	97	-	-
Brand management	179	192	(7%)
Investment participations	133	92	45%
Central treasury and other income	160	305	(48%)
Total	2,752	2,746	-
Intersegment eliminations	(241)	(277)	
Total group operating profit before capital items	2,511	2,469	2%



Segmental result

Operating margins

	H1 10	H1 09
Retail activities	4.5%	4.1%
Household goods and building supplies	5.9%	5.1%
Automotive	2.1%	2.3%
Manufacturing and sourcing	9.0%	10.0%
Logistics services	11.4%	9.5%
Corporate services		
Total after intersegment eliminations	10.1%	9.5%



Financial performance





Ben la Grange

CFO: Southern hemisphere



Financial performance





Highlights

<p>Euro denominated revenue – Increase to €1 285m</p>		<p>1.2% H1 2009: €1 270m</p>
<p>Rand denominated revenue – Increase to R10 504m</p>		<p>3.2% H1 2009: R10 175m</p>
<p>Operating margin – Increase to 10.1%</p>		<p>H1 2009: 9.5%</p>
<p>Headline earnings – Increase to R1 554m</p>		<p>3.7% H1 2009: R1 499</p>



Financial performance

Highlights

<p>Net asset value per share – Increase to 1 684cps</p>		<p>FY09: 1 642cps</p>
<p>Gearing – Increase to 36%</p>		<p>FY09: 35%</p>
<p>Net increase in cash and cash equivalents – Increase by R350m</p>		<p>H1 09: (R293m)</p>
<p>Net finance charges – Decrease to R509m</p>		<p>H1 09: R609m</p>



Financial performance

	H1 10	% change	H1 09
Revenue (R'm)	24,846	(4%)	25,940
Operating profit (R'm)	2,511	2%	2,469
Headline earnings (R'm)	1,554	4%	1,499
EBITDA (R'm)	2,987	(1%)	3,012
EPS (cents)	113.9	(5%)	120.2
HEPS (cents)	115.1	(2%)	117.3
NAV per share (cents)	1,684	3%	1,630
ZAR denominated revenue	42%		39%
Average translation rate ZAR:EUR	11.15	(10%)	12.42



Cash flow

	H1 10 R'm	H1 09 R'm
Operating profit before capital items	2,511	2,469
Depreciation	476	543
Revaluation of biological assets and other non-cash adjustments	(34)	(69)
Working capital changes	(908)	(758)
Inventory	(449)	165
Debtors	(532)	(1,184)
Creditors	73	261
Dividends, taxation and interest	(677)	(806)
Cash flow from operating activities	1,368	1,378



Cash flow

Continued

	H1 10 R'm	H1 09 R'm
Cash flows from operating activities	1,368	1,378
Investing activities	(811)	(1,418)
Capital expenditure	(426)	(688)
Investment in subsidiaries	246	(14)
Increase in investments and loans	(692)	(691)
Investments in associates/Joint ventures	8	(11)
Decrease/(increase) in treasury shares	53	(14)
Financing activities	(207)	(253)
Movement in cash and cash equivalents	350	(293)



Headline earnings

Reconciliation

	H1 10 R'm	H1 09 R'm
Attributable earnings	1,579	1,598
<i>Capital items (net of tax)</i>	17	(38)
Net loss/(profit) on disposal of capital items	1	(40)
Loss on sale of investments in associates	37	-
Impairments: Other	3	-
Taxation effects on capital items	(24)	2
<i>Preference share dividends</i>	(42)	(61)
Headline earnings	1,554	1,499



Capital structure

	H1 10	FY 09
Total equity (R'm)	27,592	24,924
Ordinary shareholders' funds (R'm)	23,608	21,021
Preference share capital (R'm)	1,042	1,042
Non-controlling interest (R'm)	2,942	2,861
Net debt (R'm)	10,049	8,834
Gearing	36%	35%
Interest cover (times)	4.9	4.1*
EBITDA cover (times)	5.9	5.0*
Closing rate ZAR:EUR	10.64	10.83
Percentage decrease in closing rate = 2%		

* Comparative cover ratios are in respect of H1 09



Prospects

Northern hemisphere

- **Participate in consolidating industry**
 - Organic growth and market share drive in the UK
 - Roll-out retail footprint throughout Europe
 - Enhance internet trading platform across Europe
- **Build on existing European logistics and warehousing platform**
- **Drive further margin improvement from operational efficiencies in European manufacturing businesses**
- **Diversify sourcing territories and reduce exposure to China**



Prospects

Southern hemisphere

- **Drive margin improvement in the Pacific Rim**
- **Capitalise on better market conditions within the automotive market**
- **Continued growth in logistics services**
- **Position timber and raw materials to capitalise on any improvement in the construction market**





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