



FURNITURE

SHOPRITE 
HOLDINGS LTD

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Furniture – Trading Environment

- Toughest year in the past decade
- Pricing volatility
 - Rand currency strength
 - Across-the-board deflation
- Interest rate reductions failed to reduce consumer debt exposure
- Consumer disposable income erosion continued
 - Affects spending on durables
- Electrical product price competitiveness at an all-time high
- Market dominated by aggressive promotions to drive sales and reduce stocks
- Surge in worldwide LCD and Plasma TV panel demand
(Panel shortages now dealt with)

Furniture continued

Sales	R3.06bn	OK Furniture	House & Home
Increase		4.9%	-2.3%
Like for like		-0.9%	-5.8%

- Internal selling price deflation 15.74%

Sales Mix	2010	2011
Home & entertainment appliances	66%	63%
Furniture, bedding, patio and carpeting	34%	37%
Cash	70.1%	70.5%
Credit	29.9%	29.5%

Furniture continued

Debtors Book

	2010	2011
Debtors Book	R1,04bn	R1,10bn
New Contracts	247,287	227,917

- Decrease of 7.8% in number of approved new contracts
- Average purchase price increase of 6.1%

Arrears

	2010	2011
Actual arrears	9.5%	9.0%
Balance of contract arrears	22.9%	22.1%
Bad debts provision	13.7%	13.2%

Furniture continued

Trading Profit: R132m (0.2% increase)

Sales	1.9% increase
Net Gross Income	4.9% increase
Total Expenses	5.4% increase
Controllable Expenses	3.1% increase
Fixed Costs	12.1% increase

- Sales did not increase in line with expenses, especially fixed expenses, after opening a net of 20 new stores

Furniture continued

Store Numbers	Net New Stores	Total	Confirmed June 2012
OK Furniture	16	232	14
OK Power Express	1	18	1
House & Home	3	50	1
Total	20	300	16

- One store opened in Huambo, Angola and one in Lusaka, Zambia

Furniture Outlook

- Low growth environment expected to continue until end of 2012:
 - Increased pressure on consumers' disposable income
 - Strict application of NCA affordability calculation
 - Market for electrical items to remain exceptionally competitive

Future growth drivers:

- Increased store footprint (16 new stores confirmed to June 2012)
- Drive on high value discounted products to provide accelerated volume growth
- Further product range enhancements, additions and innovation
- Increased imported product range enhancements at higher margins
- Focus on customer service remains