Edcon

International Roadshow

June 2004

Edgars abc cna boardmans

Jet Sales House Legit Super Mart

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Financial Results

Year to March 2004

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Operating Highlights for FY 2004

- Retail sales growth of 27%:
  +19% Edgars & Jet + 8% CNA & Super Mart
- Operating margin of 10,3%
- Profit from credit and financial services up 165%
- Record headline earnings per share of 1 597 cents-up 103%
- Record dividends per share of 768 cents-up 149%
- ROE of 28,3%

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Non-Financial Highlights for FY 2004

- Top 3 clothing brands (Edgars, Jet, Sales House) in Sunday Times/Markinor Top Brands survey
- 19th in Deloitte & Touche "Best Company to Work For" survey
- Award for Best Reporting and Communication in Industrial-Services category from Investment Analysts Society
- 6th over 1 year, 15th over 5 years in Sunday Times Top 100 Companies survey
- Computerweek Strategist and Computer Society of South Africa's IT Project Masters Award for Innovation 2003
- Award for Best Annual Report on the JSE from the Institute of Chartered Secretaries and Administrators and the JSE

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5 Year Summary

Year to	March 2004	March 2003	March 2002	March 2001	March 2000
Sales Rm	10 530	8 314	6 710	6 557	6 424
Operating profit (sales %)	10,3	7,3	4,9	3,9	6,7
Profit before taxation (Rm)	1 031	565	263	172	353
Headline earnings per share (cents)	1 597	786	310	215	412
Dividends per share (cents)	768	308	117	100	152
Return on Equity (%)	28,3	15,7	7,5	5,4	10,7
Sales per m^2 (R)	13 262	10 657	9 572	9 042	8 002
Gross borrowings (Rm)	367	183	575	819	628
Gearing ratio	0,06	(0,05)	0,16	0,28	0,22
Cash from operating activities (Rm)	674	863	712	230	321
Stockturn (times)	5,2	4,7	3,8	3,4	3,7
No. permanent employees	11 431	12 541	10 766	11 745	14 501
No. stores	641	593	449	544	671
Trading space ('000m^2)	818	775	681	718	788
Active customer accounts ('000)	2 933	2 850	2 860	2 944	3 446
Market capitalisation (Rm)	7 336	2 585	1 384	1 209	4 057
P/E Ratio (x)	9,2	6,9	7,8	10,0	17,7

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Income Statements

	March 2004 Rm	March 2003 Rm	% Change
Retail Sales	10 530,0	8 313,7	27
Cost of Sales	(6 423,3)	(5 107,0)	
Gross Profit	4 106,7	3 206,7	
Store Costs	(1 914,4)	(1 595,9)	
Other net Operating Costs	(1 247,6)	(1 053,3)	
Trading Profit	944,7	557,5	69
Credit & Financial Services Profit	136,8	51,7	
Operating Profit before Financing Costs	1 081,5	609,2	
Net Financing Costs	(50,7)	(44,2)	
Profit before Taxation	1 030,8	565,0	82
Taxation	(354,6)	(223,2)	
Earnings Attributable to Ordinary Shareholders	*676,2*	*341,8*	*98*
Headline EPS	*1 597*	*786*	*103*
Dividends per share	*768*	*308*	*149*

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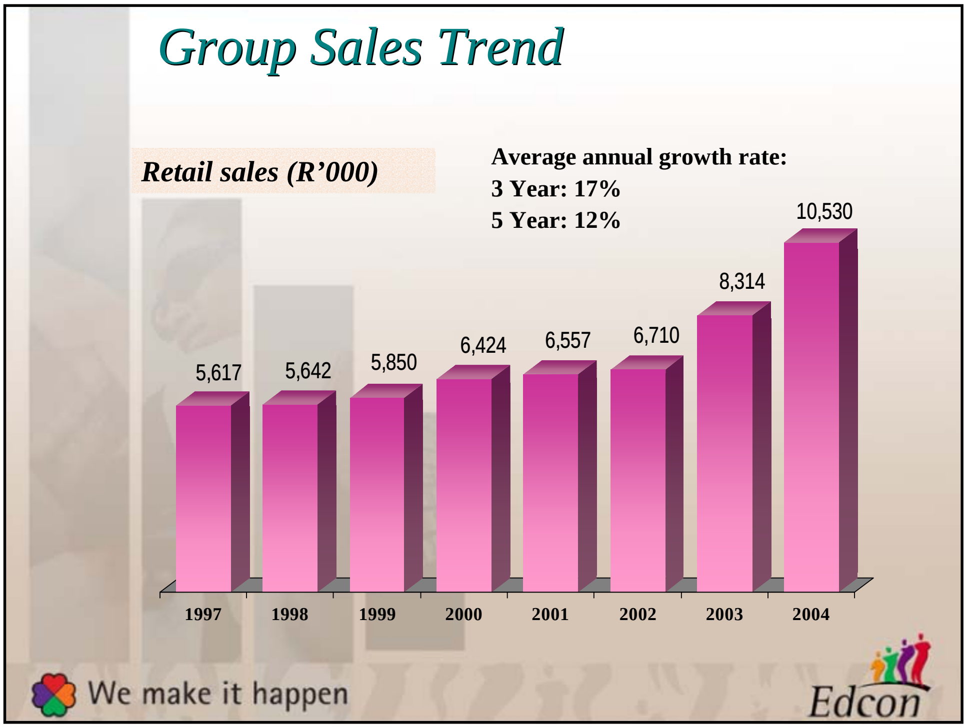
Group Sales Trend
Retail sales (R'000)
Average annual growth rate:
3 Year: 17%
5 Year: 12%
5,617
5,642
5,850
6,424
6,557
6,710
8,314
10,530
1997
1998
1999
2000
2001
2002
2003
2004
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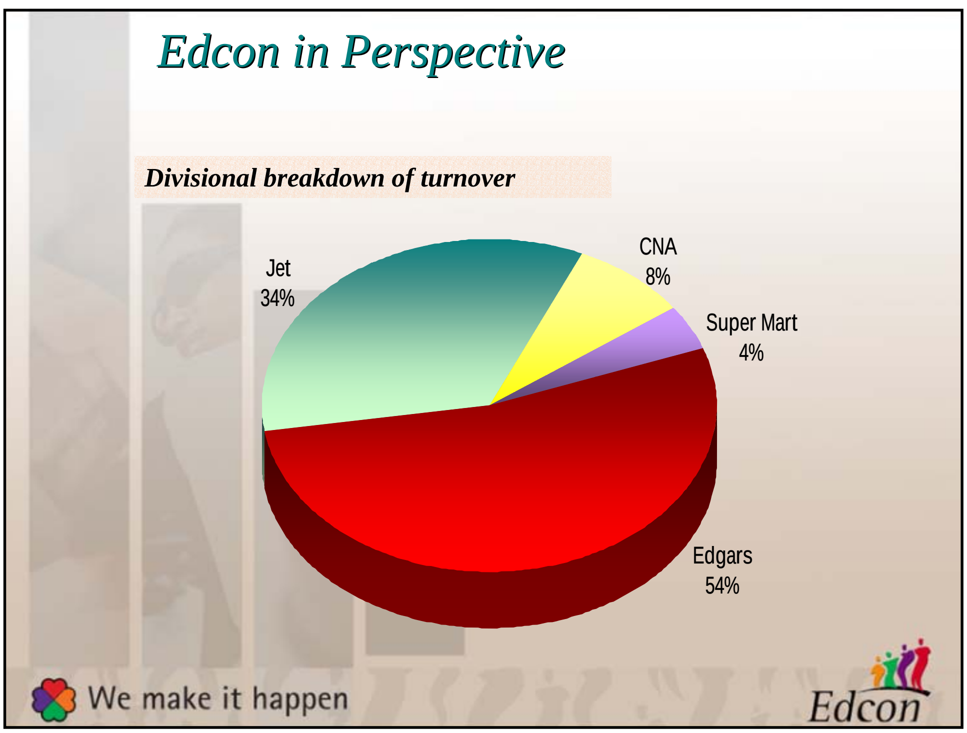
Edcon in Perspective
Divisional breakdown of turnover
Jet
34%
CNA
8%
Super Mart
4%
Edgars
54%
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Divisional Analysis of Sales and Trading Space

	Total			CFTA & Other				Cellphones			Stores		Ave Space
	March 2004 Rm	March 2003 Rm	% Change	% Change	Inflation %	Overall Volumes % Change	Like for Like Volume % Change	March 2004 Rm	March 2003 Rm	% Change	March 2004	March 2003	% Growth
Edgars	5 595,8	4 817,5	16	16	4	12	13	323,1	256,8	26	155	151	(1)
Jet	3 599,9	2 924,2	23	22	(1)	23	24	375,4	278,8	35	283	279	(1)
CNA	874,3	389,5	124	n/c	2	n/c	n/c	102,7	36,0	185	186	151	1
Super Mart	460,0	182,5	152	n/c	2	n/c	n/c				17	12	67
TOTAL	*10 530,0*	*8 313,7*	*27*	*26*	*2*	*24*	*22*	*801,2*	*571,6*	*40*	*641*	*593*	*2*

n/c= not comparable as only included for 6 months of prior year

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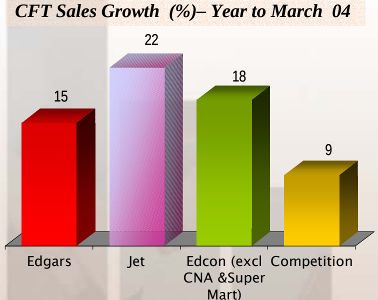
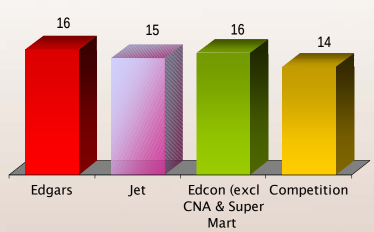
CFT Market Share & Sales Growth

CFT Sales Growth (%)– Year to March 04

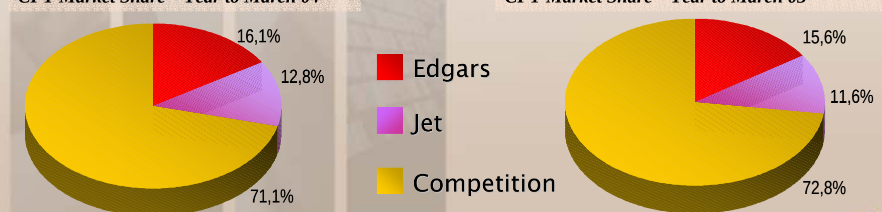


CFT Sales Growth (%)– Year to March 03



CFT Market Share – Year to March 04

CFT Market Share – Year to March 03



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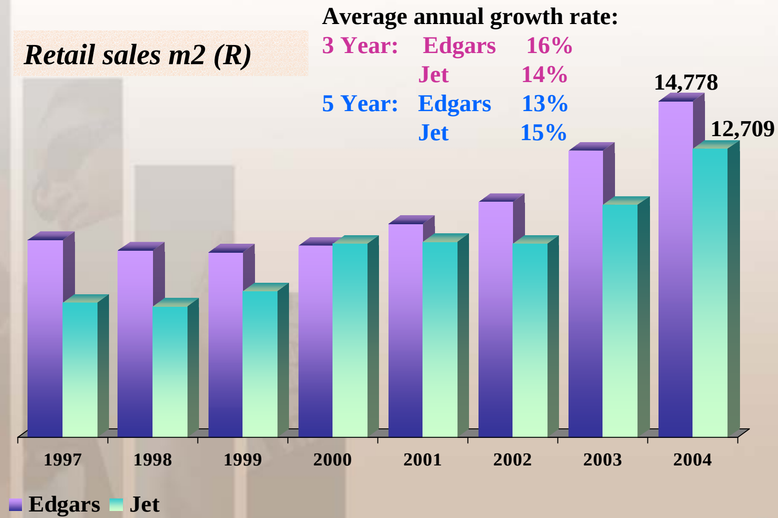
Divisional Trading Density Trend



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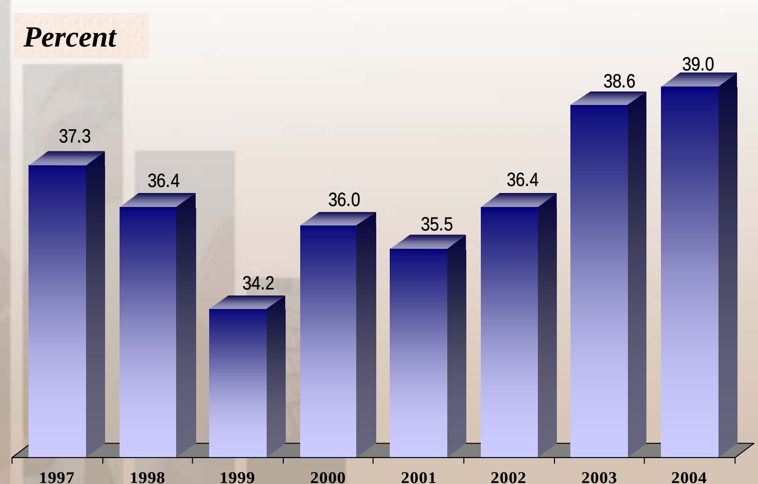
Gross Profit Margin Trend



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Divisional Analysis of Trading Profit

	March 2004 Rm	March 2003 Rm	% Change
Retail sales			
Edgars	5 595,8	4 817,5	16
Jet	3 599,9	2 924,2	23
CNA	874,3	389,5	124
Super Mart	460,0	182,5	152
Group sales	*10 530,0*	*8 313,7*	*27*
Trading profit			
Edgars	603,8	421,4	43
Jet	395,3	174,4	127
CNA	1,4	(2,4)	
Super Mart	8,5	10,2	(17)
Manufacturing	(17,3)	(7,7)	
Amortisation of goodwill & intangibles	(47,0)	(38,4)	
Group trading profit	*944,7*	*557,5*	*69*

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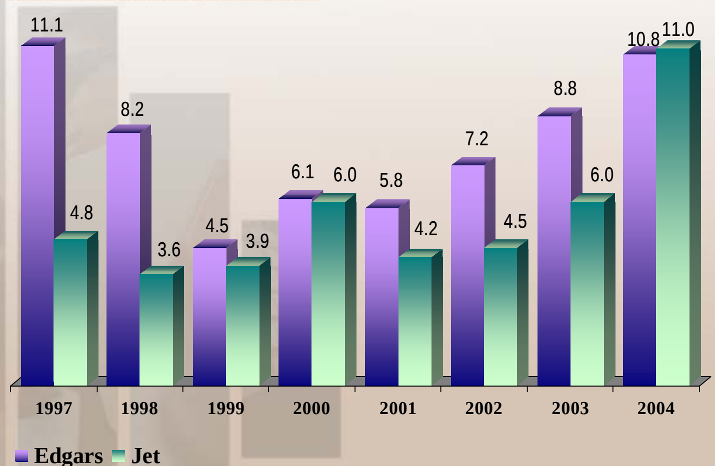
Divisional Trading Margin Trends

Trading margin (%)



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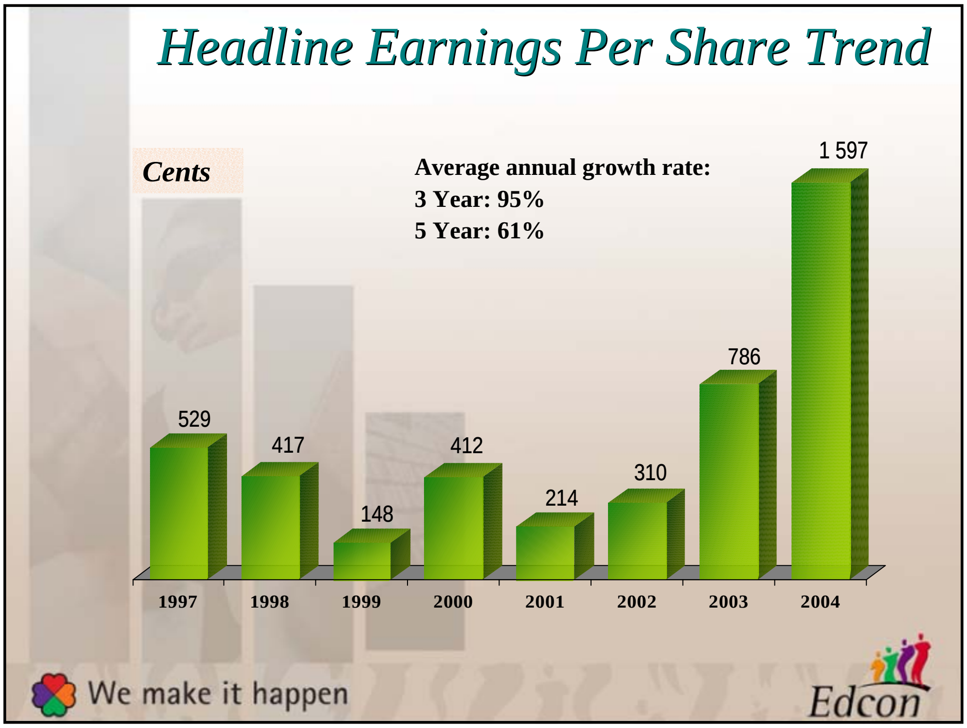
Headline Earnings Per Share Trend
Cents
Average annual growth rate:
3 Year: 95%
5 Year: 61%
529
417
148
412
214
310
786
1 597
1997
1998
1999
2000
2001
2002
2003
2004
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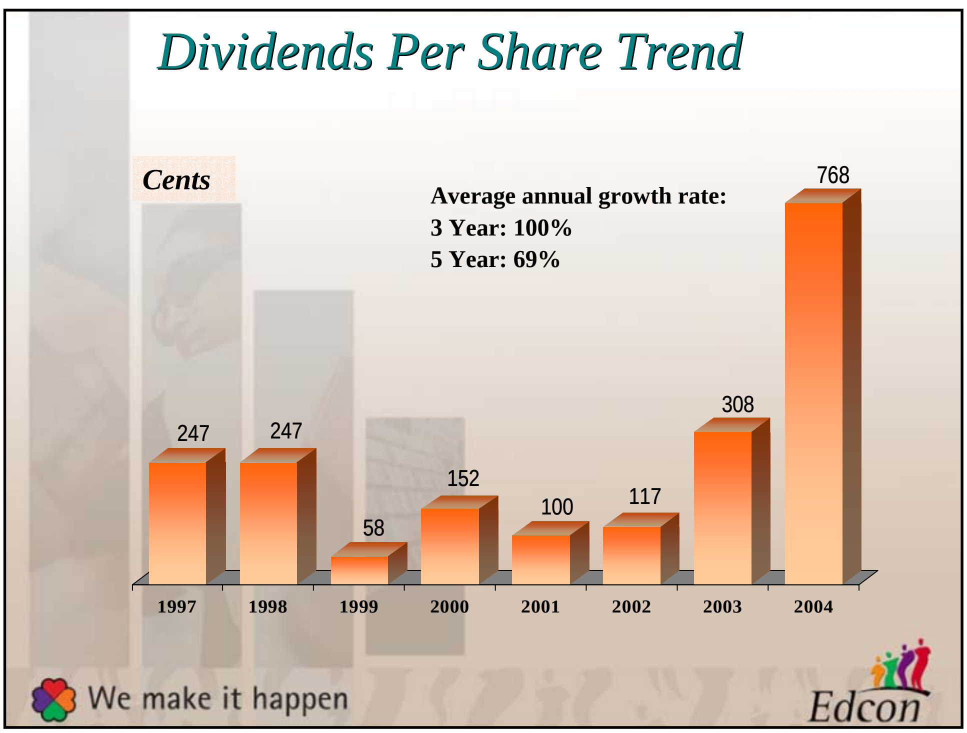
Dividends Per Share Trend
Cents
Average annual growth rate:
3 Year: 100%
5 Year: 69%
247
247
58
152
100
117
308
768
1997
1998
1999
2000
2001
2002
2003
2004
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Cashflow Statement and Balance Sheet

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Consolidated Cash Flow Statements

	March 2004 Rm	March 2003 Rm
Cash retained from operating activities		
Operating profit	1 081,5	609,2
Depreciation, amortisation & impairment	269,4	304,5
Other non-cash items	0,2	(12,9)
Cash "EBIDTA"	1 351,1	900,8
Working capital requirements (*Note 1)	(676,7)	(38,2)
Cash generated from operating activities	674,4	862,6
Net financing costs paid	(50,7)	(44,2)
Taxation paid	(422,5)	(103,2)
Cash inflow from operations	201,2	715,2
Dividends paid	(190,8)	(98,4)
Net cash retained	10,4	616,8
Cash utilised in investment activities	(337,1)	181,1
Cash effects of financing activities		
Increase in shareowner funding	43,4	(312,9)
Increase in interest bearing debt	183,1	(393,4)
Net cash inflow from financing activities	226,5	(706,3)
Decrease in cash and cash equivalents	(100,2)	91,6

Note 1:	Inventories	(31,0)	(39,4)
	Trade accounts receivable / other debtors	(937,7)	(437,2)
	Accounts payable	292,0	438,4

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Balance Sheets

	March 2004 Rm	March 2003 Rm
Assets		
Non current assets		
Properties, fixtures, equipment	738,2	689,2
Goodwill	54,1	103,6
Investments	400,0	400,0
Total non-current assets	1 192,3	1 192,8
Current assets		
Inventories	1 231,0	1 186,6
Accounts receivable & prepayments	2 477,5	1 539,6
Cash & cash equivalents	195,1	298,0
Total current assets	3 903,6	3 024,2
Total assets	*5 095,9*	*4 217,0*
Equity & liabilities		
Capital & reserves		
Ordinary shareowners' equity	2 649,8	2 131,2
Minority interest		0,3
Preference share capital	0,3	0,3
Total shareowners' equity	2 650,1	2 131,8
Interest bearing debt	366,5	183,4
Total capital employed	*3 016,6*	*2 315,2*
Interest free liabilities		
Current	1 992,9	1 859,5
Deferred taxation	86,4	42,3
Total interest free liabilities	2 079,3	1 901,8
Total equity & liabilities	*5 095,9*	*4 217,0*

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Group Stock Turn Trend

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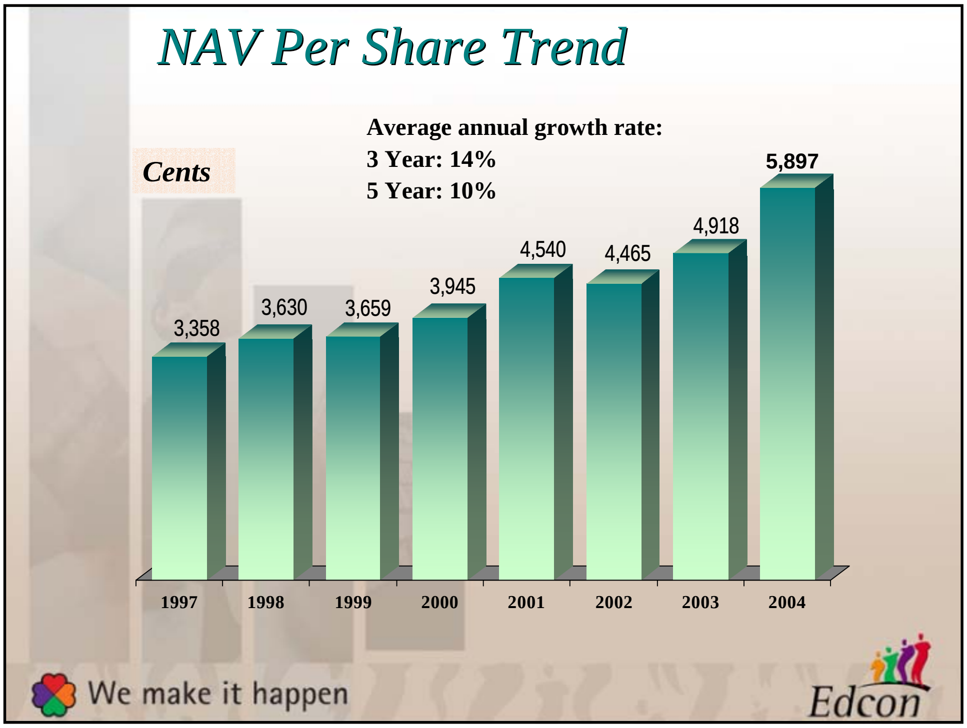
NAV Per Share Trend
Cents
Average annual growth rate:
3 Year: 14%
5 Year: 10%
3,358
3,630
3,659
3,945
4,540
4,465
4,918
5,897
1997
1998
1999
2000
2001
2002
2003
2004
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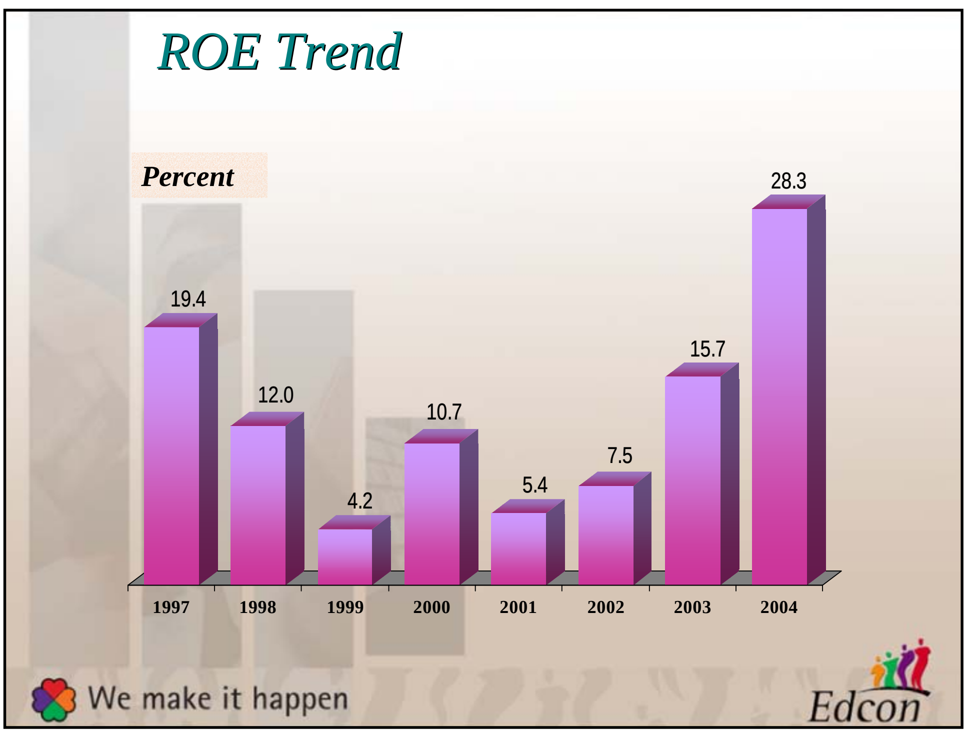
ROE Trend
Percent
19.4
12.0
4.2
10.7
5.4
7.5
15.7
28.3
1997
1998
1999
2000
2001
2002
2003
2004
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Credit Disclosure

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Credit Division

	March 2004 Rm	March 2003 Rm
OntheCards		
Initial discount	-----	(47)
Discount	(68)	(66)
Other income	100	33
Net profit /(loss)	32	(80)
Own Book		
Interest from customers	355	332
Net bad debt	(92)	(82)
Doubtful debt provision	(38)	(42)
Release of provision on OtC debtors	-----	50
Other income	11	7
Net profit	236	265
Collection costs	(296)	(259)
Profit from Financial Services	143	90
Profit on purchase of RAG book	22	36
Credit & financial services profit	137	52

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Credit Division Statistics

	March 2004 Rm	March 2003 Rm
Debtors books		
Own gross book	2 240	1 305
Less provision	(125)	(87)
RAG gross debtors	3	75
Less provision	(3)	(48)
OntheCards	2 471	2 398
Total combined debtors' books	*4 586*	*3 643*

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Credit Division Statistics cont.

	March 2004	March 2003
Weighted average Usury rate (%)	25,3	27,1
Credit sales as % of total sales	62	63
Growth in credit sales (%)	23	17
Active accounts with debit balances (000)	2 933	2 850
Growth in collections – total book (%)	16,0	11,9
Net write off to debtors balances % (inc. VAT)- own book	5,2	5,8
Net bad debt write off to credit transactions % (inc.VAT)- own book	2,4	2,5
Doubtful debt provision as % of debtors (exc. RAG)	6,5	6,7
% able to purchase	88,1	85,7

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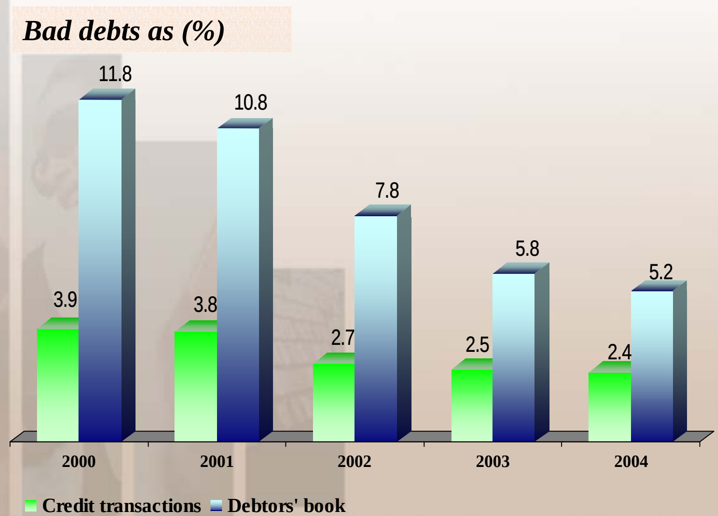
Bad Debt Write-off Trends (own book)



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Post Balance Sheet Events

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Post Balance Sheet Events

- Securitisation of further tranche of debtors' book
- Acquisition of Boardmans
- Listing of Level 1 ADR

Securitisation

- R1bn tranche of debtors on Edcon's books at least 1 year prior to October 2003
- Reduce Edcon's cost of capital by getting funding directly from capital market at lower rates due to rerating of B-class notes
- Transfer ownership of debtors with no recourse to Edcon
- Separate the credit and interest rate risks on these debtors
- Funds will be used to repay debt, fund internal and external expansion

ADR Programme

- Rationale
  - To facilitate ownership of Edcon shares by broader range of US investors
- Details
  - Effective date 27 April 2004
  - Level 1 ADR
  - Conversion ratio of 1 to 1
  - Code: ECSJY
  - Bank of New York is depositary

Business Updates

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Business Updates

- Progress on CNA
- Progress on Super Mart
- Integration of Boardmans

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Progress - CNA

- **What was done in FY 2004?**
  - Converted to Edcon suite of systems
  - Extended use of Edcon cards across all stores
  - Restructured and repopulated merchandise division
  - Large scale training of personnel
  - Rebuilt credibility with suppliers
  - Introduced new product strategy
  - Introduced new pricing strategy
  - Renegotiated all rentals
  - Integrated 36 ThisDay stores
  - Updated store layouts and painted stores
  - Relaunched all product groups with price point emphasis

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Progress – Super Mart

- **What was done in FY 2004?**
  - 6 new stores opened, 1 closed
  - New departments introduced
    - Confectionery
    - Health & Hygiene
    - Cell phones & airtime
    - Photographic equipment
  - Accelerated earnout to December 2003-paid R44,5m
  - New management team in place and integration into Discount Division from January 2004
  - Implemented Arthur planning and Retek systems-1 April 2004
  - Full Integration onto Edcon's head office and distribution infrastructure

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Progress – Boardmans

- **Paid R80 million**
- **What has been done to date?**
  - Management team in place
  - Integration team in place
  - Edcon systems live 1 June 2004
  - All leases ceded to Edcon

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South African Economic Environment

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Sustainability of Retail Cycle

Drivers of current cycle are:

- Usury rate down 800 basis points
- Prime interest rate down 550 basis points
- Household debt levels close to 10 year lows
- Household interest burden at 10 year lows
- Decline in rate of food inflation (3,1% in March 2004 vs 13,0% in March 2003)
- Real wage increases
- Aggregate tax breaks of over R50 billion

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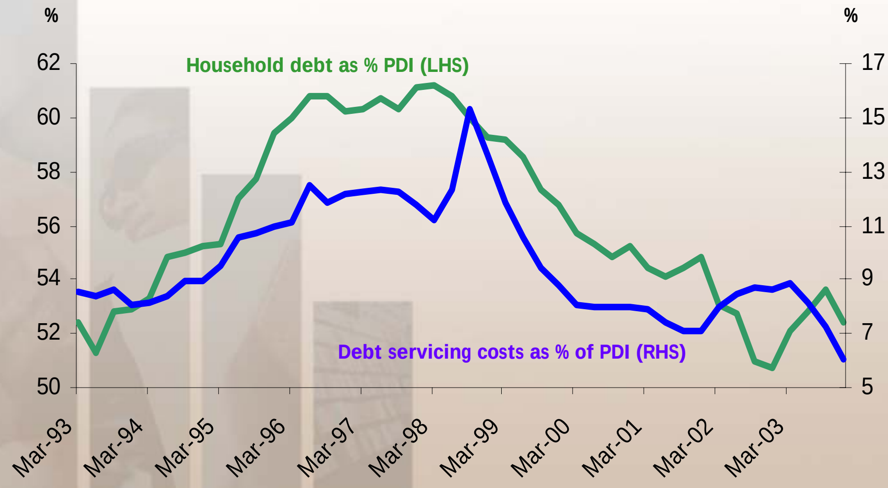
Improved Household Financial Position



Source: SARB

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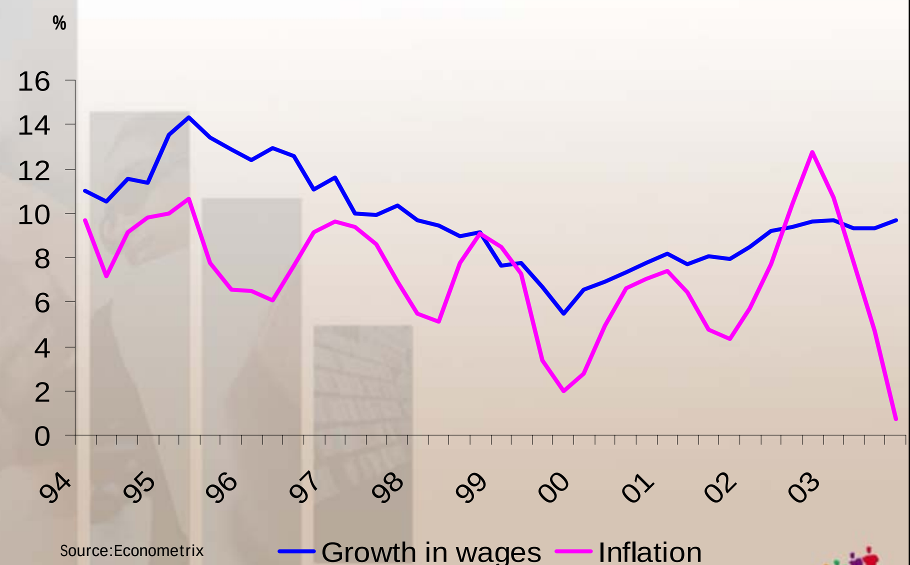
Growth in Wages vs Inflation



Source:Econometrix

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Growth in Wages & Semi-durable Sales

Source:Econometrix

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Statistics & Forecasts

Calendar Year	2000	2001	2002	2003	2004 Est	2005 Est	2006 Est
GDP Real Growth %	3,5	2,7	3,6	1,9	2,7	3,3	3,7
Disposable Income %							
Nominal Growth	10,4	9,9	12,8	8,8	8,3	8,9	10,1
HCE %							
Real Growth	3,5	3,2	3,2	3,0	3,2	3,2	3,5
Nominal Growth	10,4	10,0	12,8	8,6	8,9	9,0	10,1
Retail Sales Real Growth %							
Semi Durables	6,0	5,7	8,9	4,8	4,6	4,1	4,8
Clothing and Footwear	6,6	7,9	12,2	4,9	4,6	4,4	4,9
Inflation Rates %							
Total PPI	9,2	8,5	14,1	1,7	0,6	5,6	5,7
CPIX	7,8	6,6	9,3	6,8	5,2	5,5	6,3
Prime Interest Rates %							
(end of year)	14,5	13,0	17,0	11,5	12,0	12,5	12,5
(average)	14,5	13,8	15,6	15,2	11,5	11,7	13,8

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Source: BER

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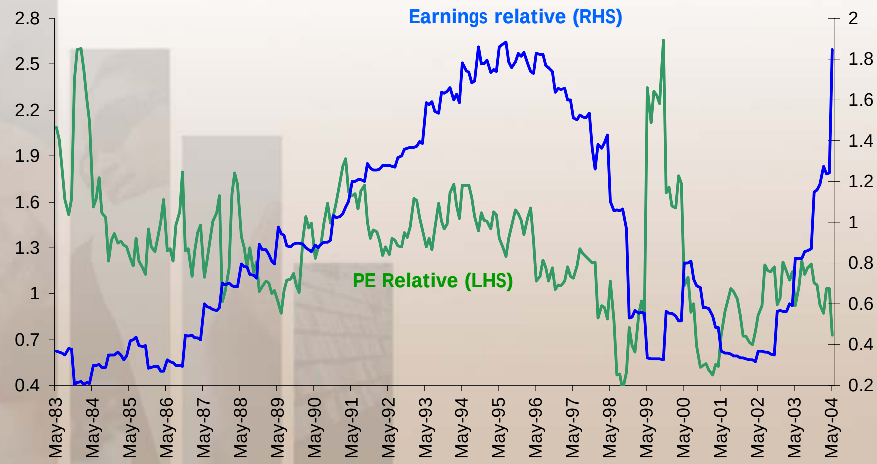
How is Edcon Different this Cycle?

- Structure
  - Rationalisation and centralisation of non-retailing functions
- Credit
  - Centralised credit granting, Fair Isaacs Scorecards
  - 3 credit offices vs 13 in FY 1995
- Information systems
  - Retek, Vision, Arthur Planning, Merchandise and Customer datawarehouse
- Gearing
  - FY 2004 6% vs FY 1995 36%
- Productivity

	FY 2004	**FY 1995**
Stock turn	5,2x	3,5x
Trading Density	R13 262	R6 542
Sales per retail employee	R1 017 900	R306 000

South African Retail Environment

Edcon Relative to All Share Index



Source:I-Net

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The SA Retail Environment

Edcon's major listed CFT competitors

	Mkt. Cap. R'bn June 2004	Ave. Daily Trade R'm	Liquidity * %
Edcon	7,7	24,4	71
Foschini – fashion focus, credit	4,8	9,9	60
ladies, men's, children's, cosmetics, homewares, jewelery			
Mr Price – discounter, cash	1,8	1,8	32
men's, ladies, children's, homewares			
Truworths – fashion focus, credit	4,7	7,0	40
ladies, men's, cosmetics			
Woolworths – core focus, credit	6,8	9,5	36
ladies, men's, children's, homewares, food			

* Proportion of issued shares traded per annum

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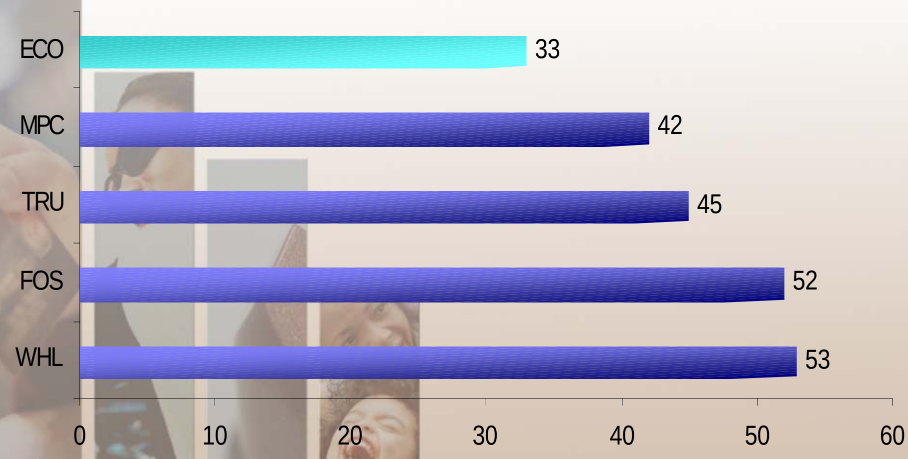
PEG Ratios
(Current PE/FY 05e EPS Growth)



Source:I-Net, Cazenoves

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Competitor Valuation Analysis

(All prices in USD)	Current Price (c) (06/04)	Current PE ratio (note 1)	PE Estimate Rolling	Dividend Yield Estimate Rolling	EV/Sales Estimate	EV/EBITDA Estimate
Edcon	2 206	8,9	6,8*	7,0	0,5	3,4
Foschini	310	8,4	6,9	5,9	1,0	4,6
Mr Price	125	9,0	7,4	5,3	0,3	3,1
Truworths	150	9,6	7,8	5,3	1,2	5,5
Woolworths	110	9,9	8,4	5,6	0,6	4,9

Note 1: Based on latest reported headline EPS
* Based on headline EPS
Source:Cazenoves, I-Net consensus forecasts

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Edcon into the future

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Growth in FY 2005

- Sales growth from existing businesses-slower rate than in FY 2004
- Sales growth from CNA-better assortments
- Operating margin expansion in CNA
- Sales growth from Super Mart-new stores, better assortments
- Operating margin expansion in Super Mart
- First time inclusion of Boardmans
- Earnings growth ahead of sales growth

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Growth Beyond FY 2005

- Expansion of Edgars and Jet store base
- Productivity improvements in Edgars and Jet
- Introduction of further financial services products
- Full recovery of CNA
- Complete integration and expansion of Super Mart
- Integration and expansion of Boardmans
- Further acquisitions as appropriate

3 Year Targets – Group

	New Target (FY 2007)	*Previous Target*	FY 2004	FY 2003
ROE	**25%**	*20%*	28,3%	15,7 %
Retail Sales	**R14bn**	*R12bn*	R10,5bn	R8,3bn
Gross profit margin	**40%**	*40%*	39,0%	38,6%
Operating profit margin	**12%**	*10%*	10,3%	7,3%
Stock turn	**6,0x**	*5,5x*	5,2x	4,7x

Key Messages

- Edcon is the dominant player in the South African CFTA market
- Edcon intends to become an important player in the general goods and homewares market
- Sustainable business practices are in place across all chains to take the company forward
- Ample opportunities exist to improve and grow the existing business
- The group is financially strong and well positioned for growth
- There is talented, motivated, committed management in place across the whole of Edcon

Edcon's strategy remains to increase its share of the non-food retail spend of its target market by being their store of choice.

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