



Annual Results

Year to March 2005

May 2005



Highlights for FY 2005

- Increased clothing and footwear market share to 30,7%
- Retail sales up 29% (3% from extra trading week)
- Trading profit up 84%
- Profit from credit and financial services of R213m
- Headline earnings per share up 68% (7% from extra trading week)
- Dividends per share up 75%
- Return on Equity of 40%
- Active account base increased by 550 000



Financial Highlights FY 2005



	Targets/ Constraints	March 2005	March 2004	March 2003	March 2002
Headline EPS (cents)		2 661	1 588	786	310
Growth in Headline EPS (%)		68	102	154	44
DPS (cents)		1 345	768	308	117
Growth in DPS (%)		75	149	163	17
Return on Shareowners' Equity (%)	25	40,3	28,1	15,7	7,5
Operating Profit to Sales (%)	12	13,6	10,2	7,3	4,9
Gearing Ratio	25	(0,08)	0,06	(0,05)	0,16
Stockturn (times)	6	5,8	5,2	4,7	3,8

Income Statements

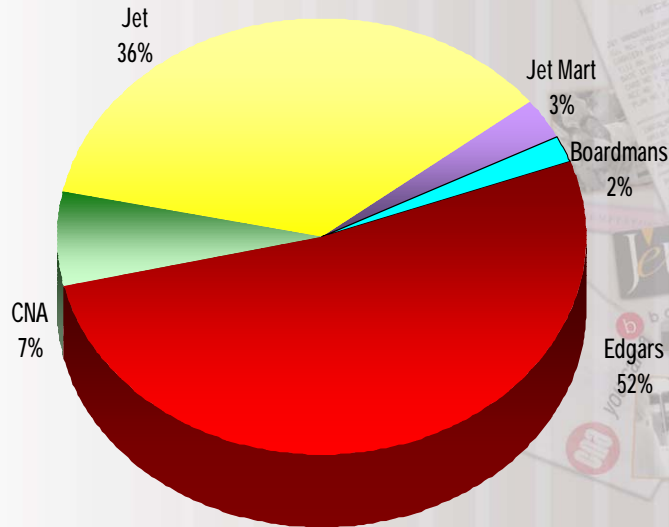


	March 2005 Rm	March 2004 Rm	% Change
<i>Retail Sales</i>	13 590	10 530	29
Cost of Sales	<u>(8 180)</u>	<u>(6 423)</u>	
<i>Gross Profit</i>	5 410	4 107	32
Store Costs	(2 329)	(1 914)	
Other net Operating Costs	<u>(1 439)</u>	<u>(1 301)</u>	
<i>Trading Profit</i>	1 642	892	84
Credit & Financial Services Profit	<u>213</u>	<u>186</u>	
<i>Operating Profit before Financing Costs</i>	1 855	1 078	72
Net Financing Costs	<u>(4)</u>	<u>(51)</u>	
<i>Profit before Taxation</i>	1 851	1 027	80
Taxation	<u>(618)</u>	<u>(355)</u>	
<i>Earnings Attributable to Ordinary Shareholders</i>	<u>1 233</u>	<u>672</u>	83
<i>Headline EPS</i>	2 661	1 588	68
<i>Fully Diluted Headline EPS</i>	2 405	1 359	77
<i>Dividends per share</i>	1 345	768	75

Edcon in Perspective



Retail Sales by Chain



Divisional Analysis of Sales and Trading Space



	Total Retail Sales					Excluding 53 rd Week				Stores	
	March 2005 Rm	March 2004 Rm	% Change	Impact of 53 rd Week	% Change excl 53 rd Week	% Inflation	Overall Volumes % Change	Ave Space % Growth	Like for Like Volume Growth %	March 2005	March 2004
Edgars	7 055	5 596	26	3	23	0	23	6	17	171	155
CNA	1 012	874	16	3	13	(3)	16	10	6	191	186
Boardmans	241									28	
Jet	4 825	3 600	34	3	31	(18)	49	5	44	320	283
Jet Mart	457	460	0	3	(3)	(3)	0	26	(26)	24	17
TOTAL	13 590	10 530	29	3	26	(3)	29	11		734	641

Sales of cellphones and cellular products rose 45% to R1 164 million

Group Sales Trend

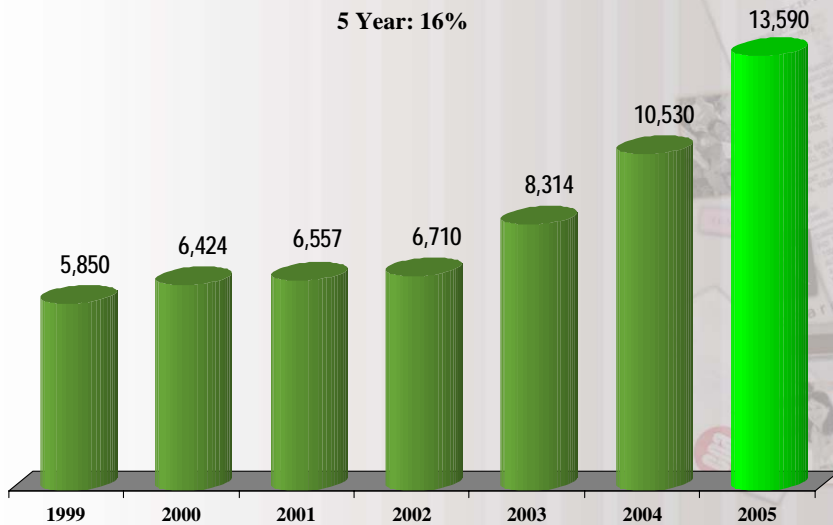


Retail sales (R'm)

Average annual growth rate:

3 Year: 26%

5 Year: 16%



Trading Space Trend



Trading space (m2)

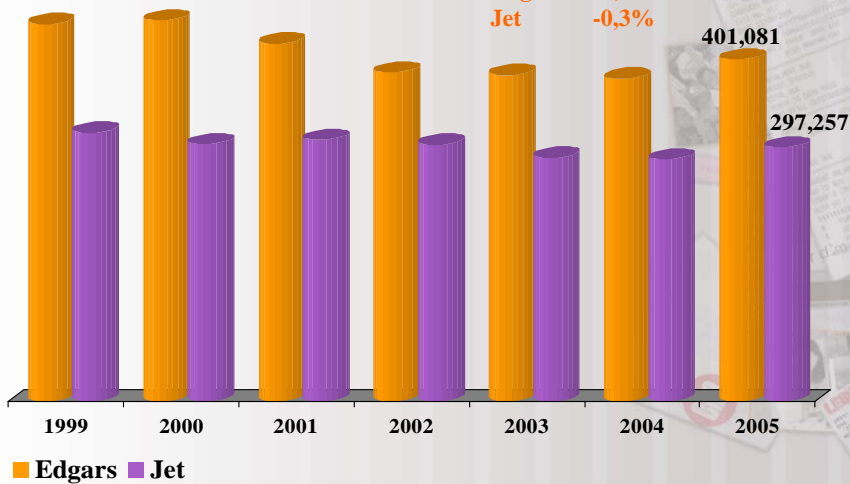
Average annual growth rate:

3 Year: Edgars 1,3%

Jet -0,4%

5 Year: Edgars -2,2%

Jet -0,3%



Chain Trading Density Trend



Retail sales m2 (R)

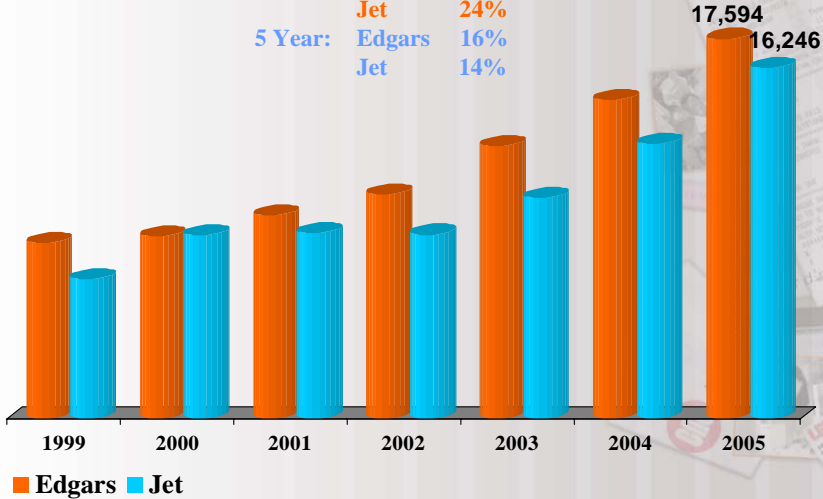
Average annual growth rate:

3 Year: Edgars 19%

Jet 24%

5 Year: Edgars 16%

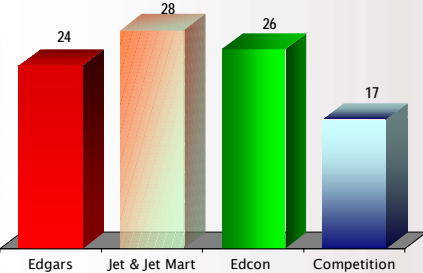
Jet 14%



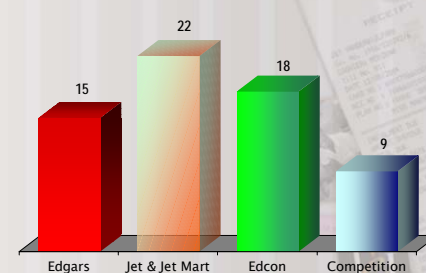
CFT Market Share & Sales Growth



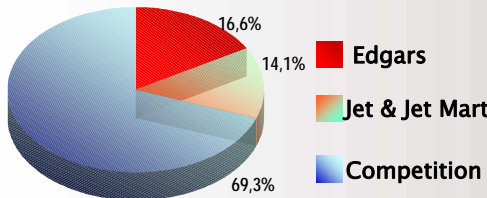
CFT Sales Growth*(%)-Year to March 05



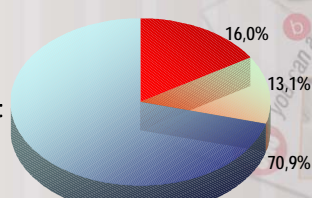
CFT Sales Growth (%) -Year to March 04



CFT Market Share - Year to March 05



CFT Market Share - Year to March 04



* Excludes additional trading week

Group Gross Profit Analysis



	% of sales
GP Margin FY 2005	39,8
GP Margin FY 2004	39,0
Change	<u>0,8</u>
Due to changes in:	
Input Margin	0,8
Markdowns	(0,3)
Price breaks	0,3

Group Gross Profit Margin Trend



Percent



Divisional Analysis of Gross Profit Margins



	March 2005 %	March 2004 %
<i>Department Store Division</i>		
Edgars	42,3	41,1
CNA	32,5	37,5
Boardmans	38,6	
Division	<u>41,0</u>	<u>40,6</u>
<i>Discount Division</i>		
Jet	39,3	38,0
Jet Mart	24,1	24,1
Division	<u>38,0</u>	<u>36,5</u>
Group	<u>39,8</u>	<u>39,0</u>

Divisional Analysis of Trading Profit

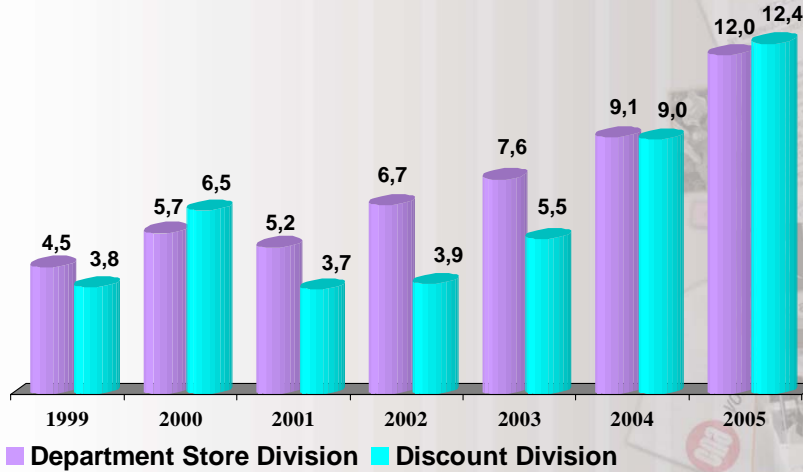


	March 2005 Rm	March 2004 Rm	% Change
<i>Retail sales</i>			
Department Store Division	8 308	6 470	28
Discount Division	5 282	4 060	30
Group sales	<u>13 590</u>	<u>10 530</u>	29
<i>Trading profit</i>			
Department Store Division	994	590	68
Discount Division	653	366	78
Manufacturing	(4)	(17)	76
Amortisation of intangibles	(1)	(47)	
Group trading profit	<u>1 642</u>	<u>892</u>	84

Divisional Trading Margin Trends



Percent



Analysis of Operating Profit



	March 2005 Rm	March 2004 Rm	% Change
Retail sales	13 590	10 530	29
Gross profit	5 410	4 107	32
Store expenses	(2 329)	(1 914)	22
Chain management expenses	(338)	(321)	6
Club income	122	87	40
Chain direct profit	2 865	1 959	46
Credit & financial services	213	186	15
Systems	(571)	(500)	14
Human resources costs	(169)	(138)	22
Other head office costs	(479)	(412)	16
Manufacturing loss	(4)	(17)	
Operating profit	1 855	1 078	72

Analysis of Selected Operating Costs



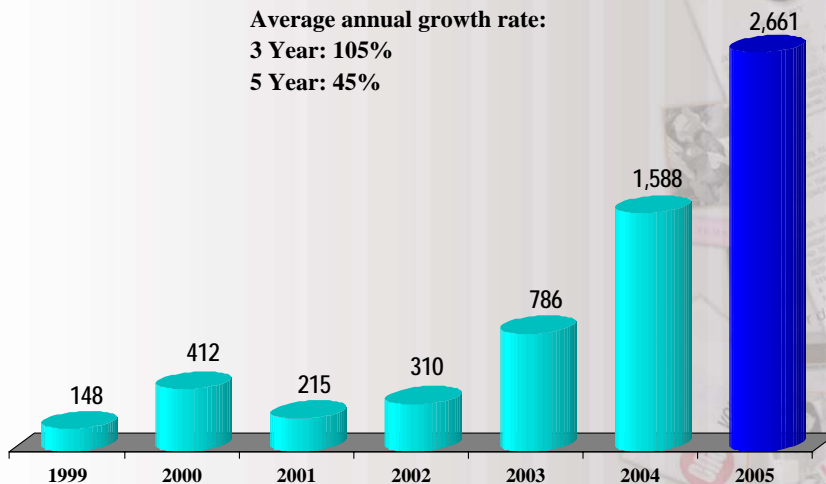
	March 2005 Rm	March 2004 Rm	% Change
Systems	571	500	14
Existing Chains	551	500	10
Boardmans	20		
Human Resources	169	138	22
Training and development	52	35	49
Flexible staffing costs	44	35	26
Other	73	68	7
Other head office costs	479	413	16
Including the following significant items:			
Head office revamp	69	35	
AIDS programme	15		
Goodwill and trademarks	1	47	
Share based payment	11	4	
Accelerated depreciation	23		

Headline Earnings Per Share Trend



Cents

Average annual growth rate:
3 Year: 105%
5 Year: 45%

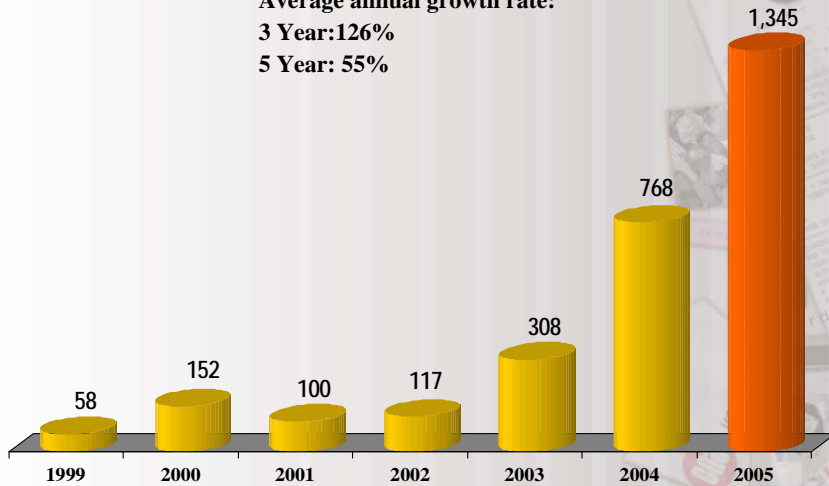


Dividends Per Share Trend



Cents

Average annual growth rate:
3 Year: 126%
5 Year: 55%



Cashflow Statement and Balance Sheet



Consolidated Cash Flow Statements



	March 2005 Rm	March 2004 Rm
<i>Cash retained from operating activities</i>		
Operating profit	1 855	1 078
Depreciation & amortisation	251	269
Other non-cash items	11	4
<i>Cash "EBITDA"</i>	<u>2 117</u>	<u>1 351</u>
Increase in working capital (Note 1)	(201)	(677)
<i>Cash generated from operating activities</i>	<u>1 916</u>	<u>674</u>
Net financing costs paid	(4)	(51)
Taxation paid	(513)	(422)
<i>Cash inflow from operations</i>	<u>1 399</u>	<u>201</u>
Dividends paid	(470)	(191)
<i>Net cash retained</i>	<u>929</u>	<u>10</u>
<i>Cash outflow from investment activities</i>	<u>(459)</u>	<u>(337)</u>
<i>Net cash outflow from financing activities</i>	<u>(254)</u>	<u>227</u>
<i>Increase in cash and cash equivalents</i>	<u>216</u>	<u>(100)</u>
Note 1: Inventories		
Trade accounts receivable / other debtors	(458)	(31)
Net proceeds of securitisation	(1 563)	(938)
Accounts payable	939	881
	292	

Balance Sheets

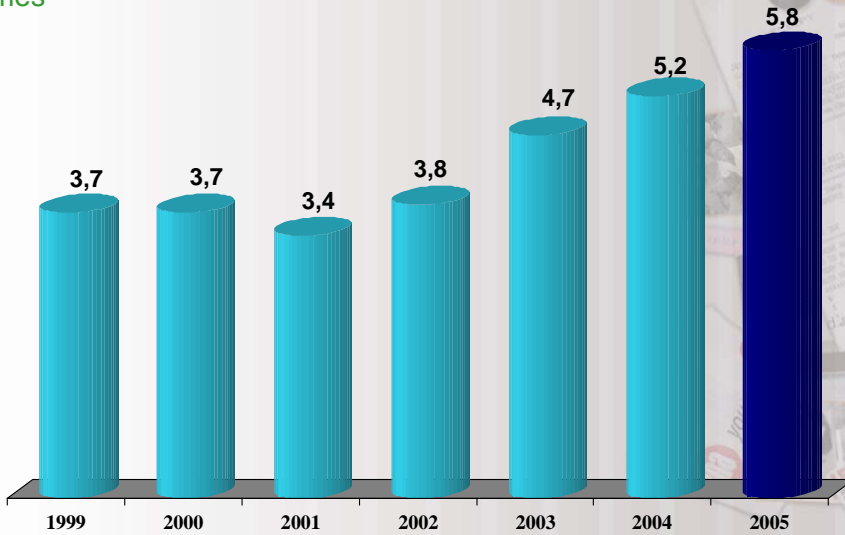


	March 2005 Rm	March 2004 Rm
<i>Assets</i>		
<i>Non current assets</i>		
Properties, fixtures, equipment and vehicles	920	738
Goodwill and trademarks	79	54
Investments	570	400
Total non-current assets	<u>1 569</u>	<u>1 192</u>
<i>Current assets</i>		
Inventories	1 734	1 231
Accounts receivable & prepayments	2 935	2 478
Cash & cash equivalents	411	195
Total current assets	<u>5 080</u>	<u>3 904</u>
<i>Total assets</i>	<u>6 649</u>	<u>5 096</u>
<i>Equity & liabilities</i>		
<i>Capital & reserves</i>		
Total shareowners' equity	3 466	2 650
Interest bearing debt	120	367
<i>Total capital employed</i>	<u>3 586</u>	<u>3 017</u>
<i>Interest free liabilities</i>		
Current payables	3 031	1 993
Deferred taxation	32	86
Total interest free liabilities	<u>3 063</u>	<u>2 079</u>
<i>Total equity & liabilities</i>	<u>6 649</u>	<u>5 096</u>

Group Stock Turn Trend



Times



NAV Per Share Trend

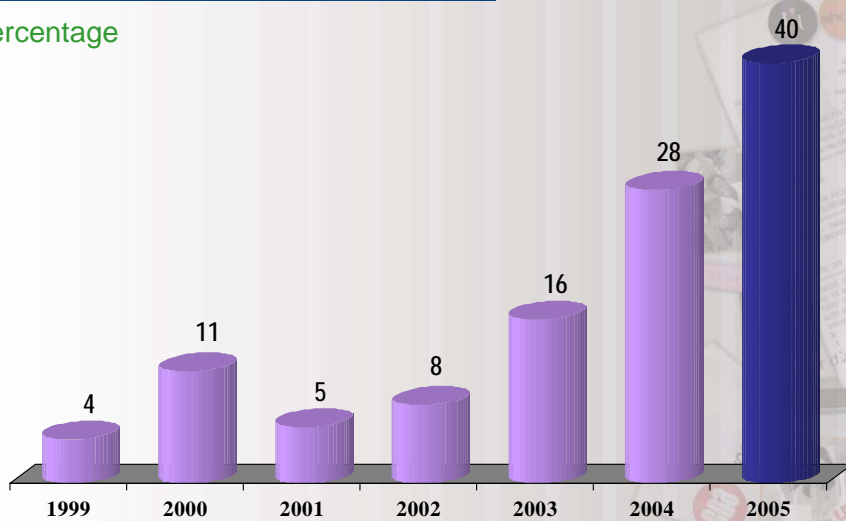


Cents



ROE Trend

Percentage



Credit Disclosure

Credit Disclosure



	March 2005 Rm	March 2004 Rm
Cost of credit	(50)	(6)
Financial services profit	263	192
Credit & financial services profit <i>(per income statement)</i>	213	186
Notional financing costs allocated on own debtors	(238)	(239)
<i>Total cost of credit</i>	<i>(25)</i>	<i>(53)</i>
Net financing costs (per income statement)	(4)	(51)
Notional financing receipts allocated	238	239
Group net financing receipts	234	188
<i>Total profit from financing</i>	<i>209</i>	<i>135</i>

Credit Division



	March 2005 Rm	March 2004 Rm
<i>OntheCards</i>		
Discount	(16)	(68)
Other income	82	100
<i>Net profit</i>	<i>66</i>	<i>32</i>
<i>Own Book</i>		
Interest from customers	392	355
Net bad debt	(184)	(92)
Doubtful debt provision	(101)	(38)
Release of provision on OTC debtors	63	
Other income	38	11
<i>Net profit</i>	<i>208</i>	<i>236</i>
Collection costs	(328)	(296)
Profit from Financial Services	263	192
Profit on collection of RAG book	4	22
<i>Credit & financial services profit</i>	<i>213</i>	<i>186</i>

Credit Division Statistics



	March 2005 Rm	March 2004 Rm
<i>Debtors books</i>		
Own gross book	2 757	2 243
Less provision	(181)	(143)
OntheCards	3 494	2 471
<i>Total combined debtors' books</i>	<u>6 070</u>	<u>4 571</u>
<i>Interest bearing-combined book</i>	72,5%	65,1%
<i>Interest free-combined book</i>	27,5%	34,9%

Credit Division Statistics *cont.*



	March 2005	March 2004
Weighted average Usury rate (%)	20,5	25,3
Credit sales as % of total sales	63	62
Active accounts with debit balances (millions)	3,5	2,9
Average account balance (R): Department Store Division	1 484	1 317
Discount Division	1 456	1 247
Average installment due (R): Department Store Division	393	368
Discount Division	268	249
Collections versus total due (%)	121	122

Credit Division Statistics *cont.*

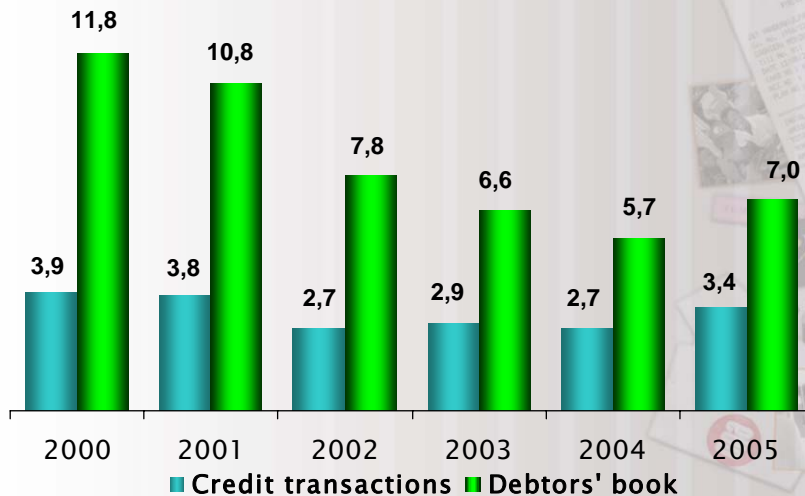


	March 2005	March 2004
Growth in credit sales (%)	33	23
Growth in collections – total book (%)	27	16
Net write off to debtors balances %-own book	9,2	5,2
Net write off to debtors balances %-total book	7,0	5,7
Net bad debt write off to credit transactions %-own book	3,9	2,4
Net bad debt write off to credit transactions %-total book	3,4	2,7
Doubtful debt provision as % of debtors	6,6	6,5
% able to purchase	88,3	88,1

Bad Debt Write-off Trends-total book



Bad debts as (%)



Black Economic Empowerment



- Employment Equity-Black staff per category:

	March 2005	March 2000
Senior management	25%	8%
Management	57%	31%
Skilled staff	86%	67%
Semi skilled staff	93%	83%
Unskilled staff	97%	90%

- Corporate social investment
 - R23 million expenditure (FY 2004-R16 million)
 - Focused on social development (62%) and education (27%)
- Procurement
 - 15% of controllable spend to black suppliers in FY 2005
 - BEE status part of supplier selection process
 - Development of black suppliers through funding and management assistance
- Equity ownership
 - Around 16% owned by BEE holders via pension/provident funds and unit trusts
 - Announcement to be made shortly

Macro Economic Outlook for the Retail Cycle



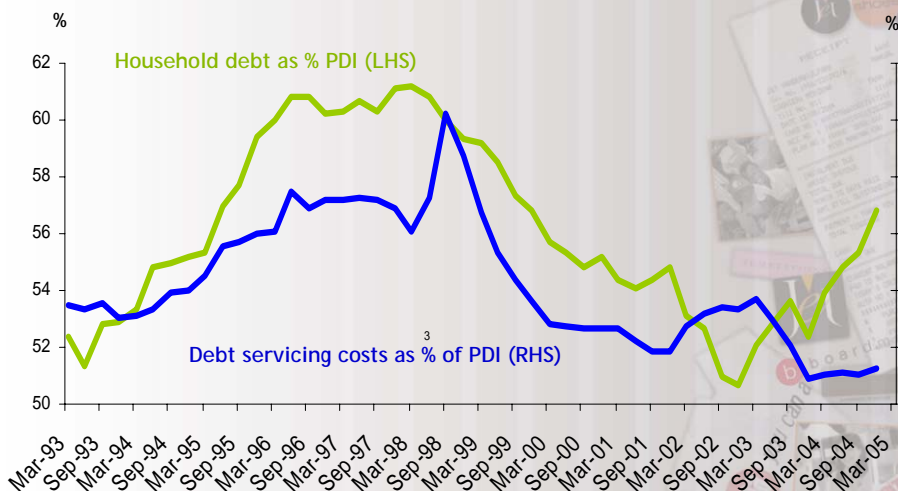
Cyclical Drivers of Retail Cycle



- Lowest interest rates in 24 years
 - Usury rate down 900 basis points since June 2003
 - Prime interest rate down 650 basis points since June 2003
- Household interest burden close to 10 year lows
- Food inflation remains low
- Wage increases remain above inflation
- Aggregate tax breaks of over R50 billion up to 2004
- Further tax breaks of R11bn for 2005/2006
- Wealth effect from rising house prices continues
- High consumer confidence among all income groups
- Government social grants received by 10 million people

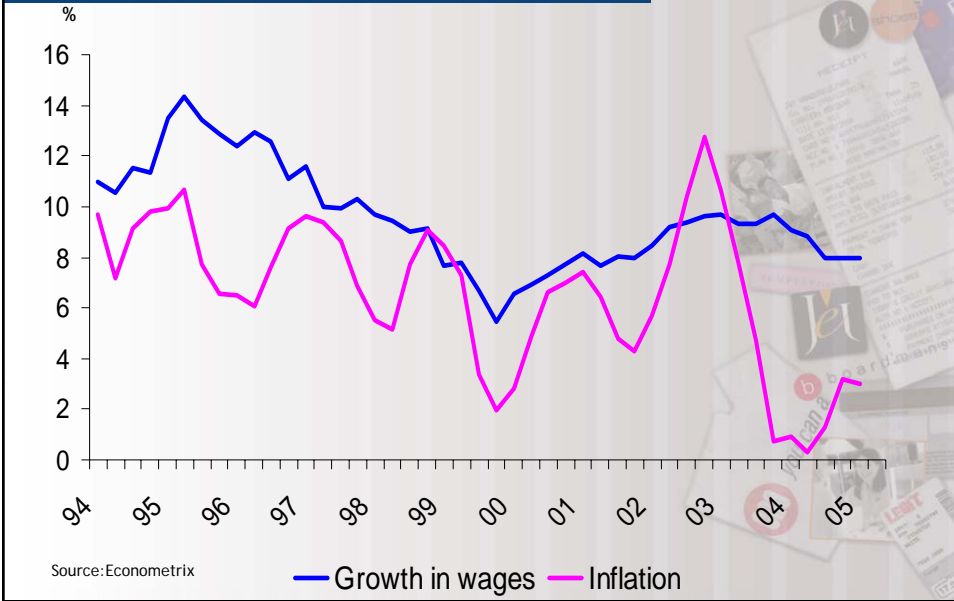
Semi durable sales growth forecast to slow from 14,4% in 2004 to 11% in 2005 and 6,2% in 2006 (Source: BER)

Household Financial Position Remains Healthy

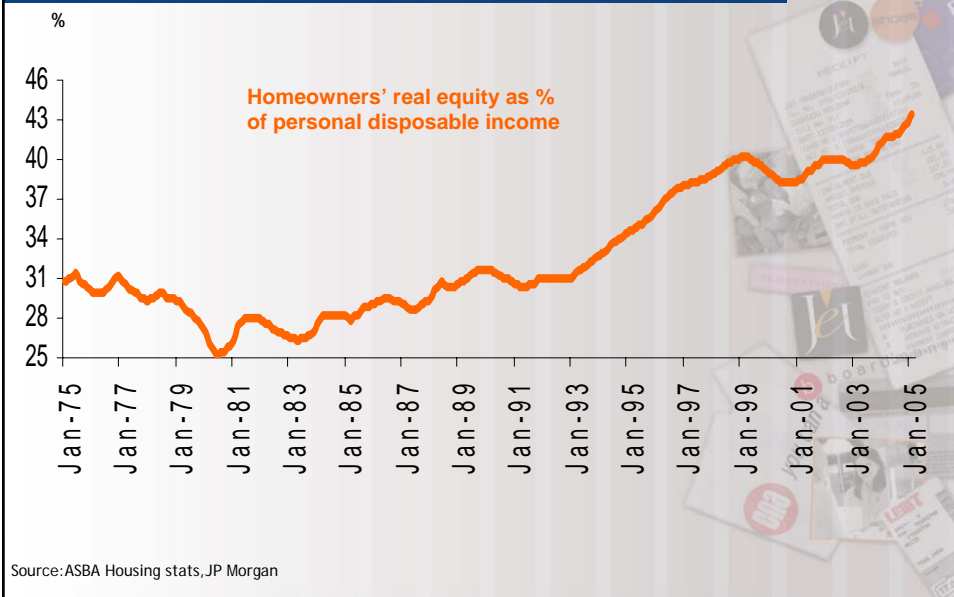


Source: SARB

Real Wage Growth Continues



Real Equity of SA Homeowners Rises



Structural Factors Extending the Cycle

- Clothing and footwear have become relatively cheap
 - average inflation of 0,8% pa over 10 years vs 6,4% pa for total HCE
- Clothing and footwear still only 5,5% of total household consumption
- Growth of the middle income consumer market
- Emergence of the lower income consumer market
- Consumers have real equity in their homes
- Structurally lower inflation
- Structurally lower interest rates
- Shift from public to private sector consumption intact
 - Continued growth in social security spending by government (7% pa)
 - Government's Public Works Programme-R168bn

"Go for Growth" government policy

Edcon's Prospects



Update on New Businesses



CNA

- All product groups other than audio showed growth
- Introduced new products in greeting cards, giftwrap and gifting in H2
- Old audio inventories cleared-sales growth recorded since
- Modernised approach to toys and photographic department
- Stores now have more permanent staff and hands-on management
- Sales up 19% in Q4 FY 2005

Jet Mart

- Appointed new merchandise and planning team
- Installed Retek to track and distribute merchandise
- Aggressive markdowns taken to clear all old stock
- Changed more than 50% of suppliers
- Sales up 13% in Q4 FY 2005

Boardmans

- Fully integrated into Edcon's systems and distribution infrastructure
- Started to rebalance and improve product assortments

Prospects for FY 2006



- Sales growth from
 - 10% more trading space on average
 - Around 5% like for like growth with zero inflation
- Maintain group gross profit margin in spite of higher sales contributions from CNA and Jet Mart
- Operating profit growth ahead of sales growth
- Credit and financial services profit of R250 million (R213 million in FY 2005)
- Securitisation of a further R800 million of new receivables
- Capex of R630 million
- Earnings growth ahead of sales growth

Note: Impact of 53rd trading week on FY 2005 base- 2% of sales and 4% of earnings

Store Opening Programme



Chain	Stores End	New Stores
	FY 2005	FY 2006 (excluding acquisition of Topic)
Edgars (incl Red Square, Prato, Temptations)	171	34
Boardmans	28	7
CNA	191	7
Jet (Incl Legit, Jet Shoes)	320	75
Jet Mart	24	2

Note: A store is only opened/revamped if it is forecast to generate a minimum 25% ROE and 3 year payback

Growth Strategy- Department Store Division



Edgars & Boardmans

- Turnover growth:
 - Store openings
 - Refine Boardmans' merchandise ranges
 - Increased credit utilisation in Boardmans
 - Upgrade store formats to be more aspirational
 - Enhance customer service through new staffing structures
- Margin expansion:
 - Leverage information to improve merchandise management
 - Strengthen supplier relationships and consistency of supply
 - Improve operating efficiencies

Growth Strategy- Department Store Division



CNA

- Turnover growth:
 - Store openings
 - Improve in-store service and customer retention
 - Merchandise stores based on reliable sales history
- Margin expansion:
 - Improve supplier relationships and networks
 - Aggressive growth of high margin businesses- stationery/cards/giftwrap
 - Improve levels of operating efficiency
 - Reduce stock losses

Growth Strategy- Discount Division



Jet & Jet Mart

- Turnover Growth
 - Store openings
 - Roll out of Legit
 - Roll out of Jet Shoes
 - Enhance our value proposition
 - Pilot a health and beauty product range in Jet, cosmetics in Legit and a convenience food range in Jet Mart
- Margin Expansion
 - Increase market share and merchandise category dominance
 - Improve pipeline visibility
 - Establish and maintain a globally competitive retail cost model

Growth Strategy- Financial Services Division



- Moderate growth in customer base
- Focus on increasing transactions to existing customers
- Increase penetration of existing financial products across account base
- Roll out of personal loans (R90 million disbursed to date)
- Launch of Edgars and Jet legal insurance
- Discussions at advanced stage over co-branded credit card
- Expected profit from financing R250 million (FY 2005-R209 million)

Growth Beyond FY 2006



- Updated segmentation completed
 - 24 separate segments identified from 10 previously
 - Split consumer market into low (under R4 500/month), medium (R4 500-R10 500/month), high (above R10 500/month) income segments
- Integration of results of revised segmentation should improve merchandising and facilitate more focused marketing across all chains
- Continuation of favourable economic conditions underpinned by infrastructure spend ahead of 2010
- Expansion of store base across all chains
- Productivity improvements across both divisions
- Introduction of further financial services products
- Further acquisitions as appropriate

In Summary...



- Edcon is well placed to benefit from the profound structural changes in the South African economy
- The group has a world class infrastructure, extensive store sites and an exceptional account base
- Edcon is financially strong and well positioned for above average growth
- There is talented, motivated, committed management in place across the whole of Edcon to do what needs to be done

Edcon's vision:

To be the consumers' store of choice for the products we sell in the markets we trade and to create wealth for the benefit of all stakeholders

Questions?





For further information contact

Tessa Christelis at 27 11 495-6545

tchristelis@edcon.co.za

