

NEWS RELEASE FROM EDCON

Draft for 23 August 2011

Edcon reports solid growth

Key highlights:

- ❖ Adjusted EBITDA up 12.4% to R908 million
- ❖ Comparable same store sales 6.0% higher
- ❖ Total retail sales up 7.3%
- ❖ Credit & financial services operating profit increased 39.6%

Edcon reported improved results for the quarter ending 2 July 2011, continuing its growth trajectory.

Adjusted EBITDA increased 12.4% to R908 million for the quarter. Total retail sales rose 7.3%, with comparable same store sales up 6.0% despite a still challenging South African economy.

Overall, good sales from cellular products primarily drove improved sales across the group.

"Growth was achieved even as we maintained a conservative stance in our credit activities. The debtors book continues to be tightly managed and I'm pleased to report all of Edcon's credit criteria improved over the period," said Edcon CEO Jurgen Schreiber.

Schreiber added that Edcon was also conducting evaluations of merchandise execution and operational efficiencies. "We expect the benefits from these projects early next year."

Edcon's department store division (which includes Edgars, Boardmans and Red Square) increased retail sales by 7.8%, largely due to strong sales in ladieswear, footwear and cellular. CNA's retail sales grew 3.2%, driven also from growth in cellular. The discount division (which includes Jet, Jet Mart, Jet Shoes, Legit and Discom) increased retail sales by 7.6% chiefly through sales growth in childrenswear, ladieswear and cellular.

Credit sales for the quarter accounted for 52% of total sales, up from 50% for the same quarter in 2011, with the effects of Edcon's credit tightening strategies now fully realised.

Gross profit margin was slightly down (0.3%) compared to the same period in the prior year. This was mostly due to input price inflation and a greater investment of lower margin cellular items into the group's product mix.

Credit and financial services operating profit increased by 39.6%. This resulted from a decrease in impairment of receivables and 14.7% higher profits attained from Edcon's insurance joint ventures owing to an increase in insurance sales combined with lower claims.

For the past 18 months, Edcon has focused mainly on the upgrading of existing stores to offer an improved shopping experience to customers. Mr Schreiber is currently assessing the group's real estate strategy to expand Edcon's retail footprint in the months ahead.

"We believe conditions are gradually improving in South Africa's retail sector and are hopeful this continues in the months ahead," Schreiber concluded.

ENDS

Issued by: FD Media & Investor Relations
Lianne Osterberger - 011 214 2414 / 083 27 27 313
Sue Vey – 011 214 2402 / 071 682 6007

On behalf of: **Edcon**

Further info: Steve Binnie, CFO, Edcon – 011 495 6509