

NEWS RELEASE FROM EDCON

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Edcon delivers solid interim results

Highlights of year-to-date earnings for the six months ending September 2008:

- Adjusted EBIDTA (earnings before interest, tax, depreciation and amortisation) of R1.4 billion, up 8%.
- Group revenues up 11% to R11.1 billion, with retail sales up 10% over the prior year;
- Number of stores at the end of the period grew to 1153 and average retail space grew 11%
- Over 4 million credit accounts remain active and bad debt increased marginally from 11.6% from the rate achieved for the full FY08 to 12.1% at the end of the period.

During the period under review, South Africa experienced a continued upward trend in inflation and interest rates. However, Edcon said it was pleased with the solid sales and earnings growth it delivered, with previously underperforming businesses recovering, fewer markdowns reported and a continued focus on cost containment.

The Group benefitted from the addition of Discom (effective September in the current period 2007). Discom is now fully integrated into Edcon's systems and management structures.

Credit sales declined from 53% of total sales last year to 52%, but profit for the credit and financial services division grew 59% on the back of higher interest rates and managed bad debt.

The Group's earnings include a gain of R1,375 million from repurchasing listed floating rate notes, less R711 million revaluation of derivatives associated with these notes due to the volatility of the Rand.

Borrowings stood at R796 million under its revolving credit facility and R3.8 billion under its borrowing base facility, against facilities of R3.5 billion and R6.5 billion respectively. The company also had R409 million in cash and cash equivalents.

Operating cash flows, together with borrowing facilities remain more than sufficient to fund Edcon's debt servicing obligations and operational cash flow needs, including capital expenditure and contractual commitments, for the foreseeable future. The company remains effectively hedged against exposure to interest rate changes and currency depreciation on its long term offshore borrowings.

ENDS

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