GROUP ANNUAL RESULTS

for the 52 weeks ended June 2015

Agenda

- Business overview
- Strategic distinction
- Review of the financial period
- Credit management
- Strategic focus areas
- Outlook
- Questions

Business overview

Impact of credit on Truworths in the current economic climate

- Truworths targets mass middle income consumers - the market currently under the most financial pressure.
- But the credit environment is steadily improving after one of the longest credit contractions in many years.
- Truworths credit customer base exceeds 3.2 million customers (2.7 million of which are active credit customers).
- We can communicate with approximately 13 million people of which 3.2 million are account customers.

- Truworths owns its own aspirational brands and uses credit as 'an enabler of sales of quality fashion at medium to premium prices' to its customers.
- This exposure to credit means Truworths is susceptible to periodic swings in the credit cycle and will underperform cash retailers in downward cycles, especially in prolonged ones such as the current one, a trend which is likely to reverse as the credit environment improves.
- While credit is seen as risky in downward credit cycles the opposite is valid when the credit cycle improves and Truworths is in the 'sweet spot' instead of in 'the eye of the storm'.

Improving credit environment

Industry:

- Credit market is improving.
- National credit regulator shows slightly improving book quality across the industry with the credit industry total book sizes growing but new credit granting flat to reducing.
- TransUnion's Consumer Credit Index indicates a very positive improvement in credit health.
- Principa's benchmarking of credit retailers indicates improvement of credit books across the industry (year-on-year).

Customer Income

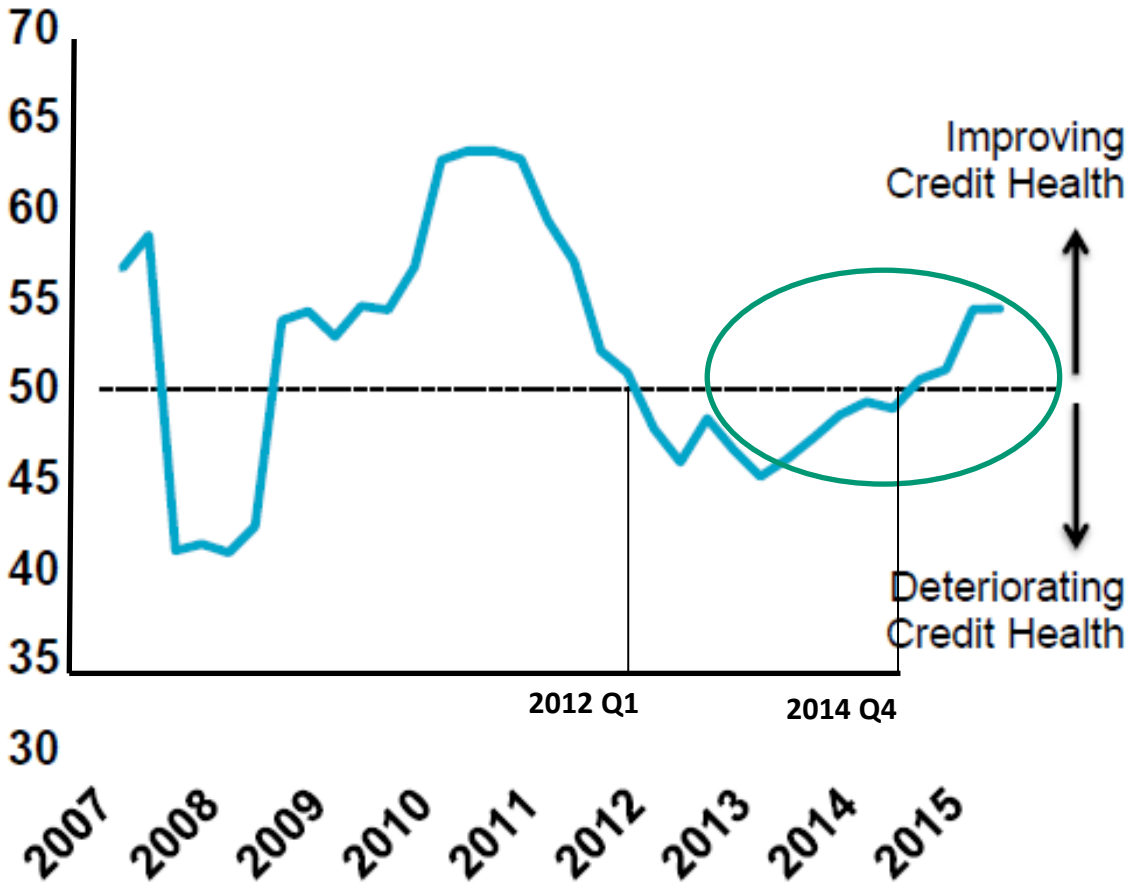
Monthly Income	South African Population Year-on-year growth		
	2012	**2013**	**2014**
Less than R10 000	(1.5%)	(1.4%)	(1.2%)
R10 000 to R25 000	12.3%	4.6%	6.4%
R25 000 plus	(1.4%)	23.2%	5.5%

*South African Advertising Research Foundation AMPS research

Current Monthly Income	**Truworths Group (**Customers who's credit limits have changed**)**	**South African Population**
Less than R10 000	73%	83%
R10 000 to R25 000	21%	13%
R25 000 plus	6%	4%
Total	100%	100%

Industry: TransUnion SA Consumer Credit Index

(Source: TransUnion SA Consumer Credit Index)

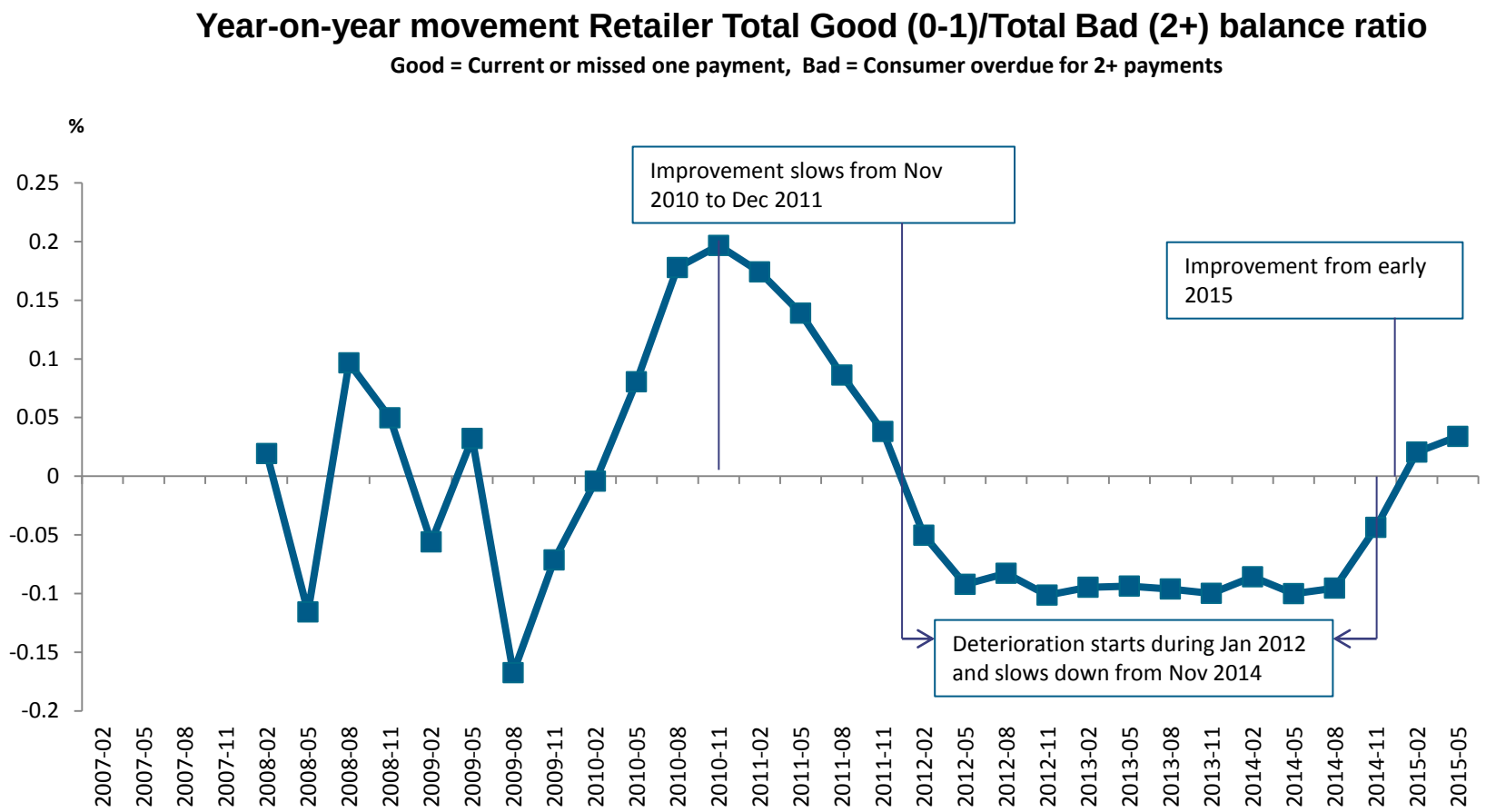


This index measures consumer credit health where 50 is the break-even level between improvement and deterioration.

- The clear break above 50 indicates consumer credit health improved in 2015 at its fastest pace since Q1 2012.
- Q1 and Q2 2015 are at 54.4

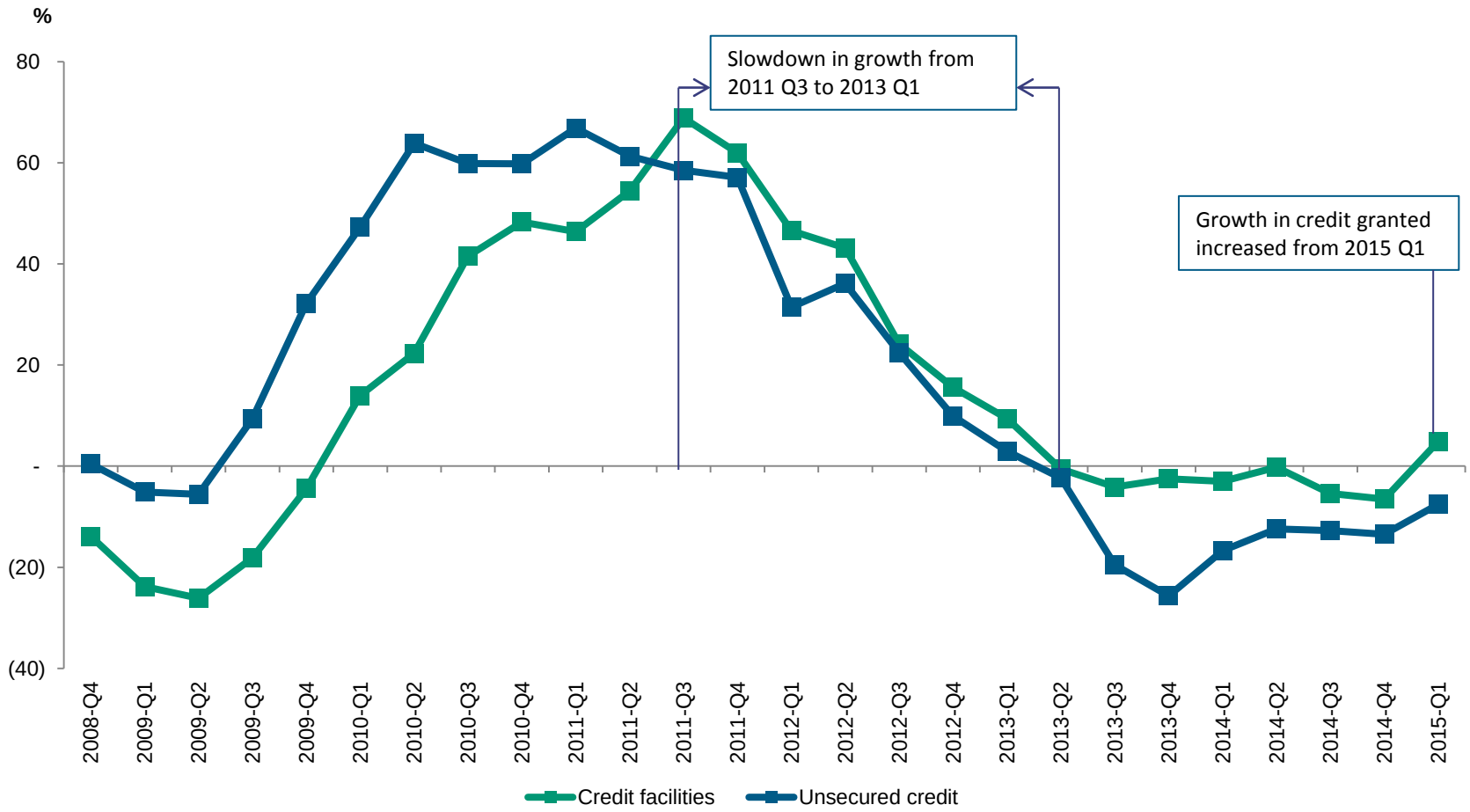
Industry: Good/Bad balance ratio

(Source: Principa)



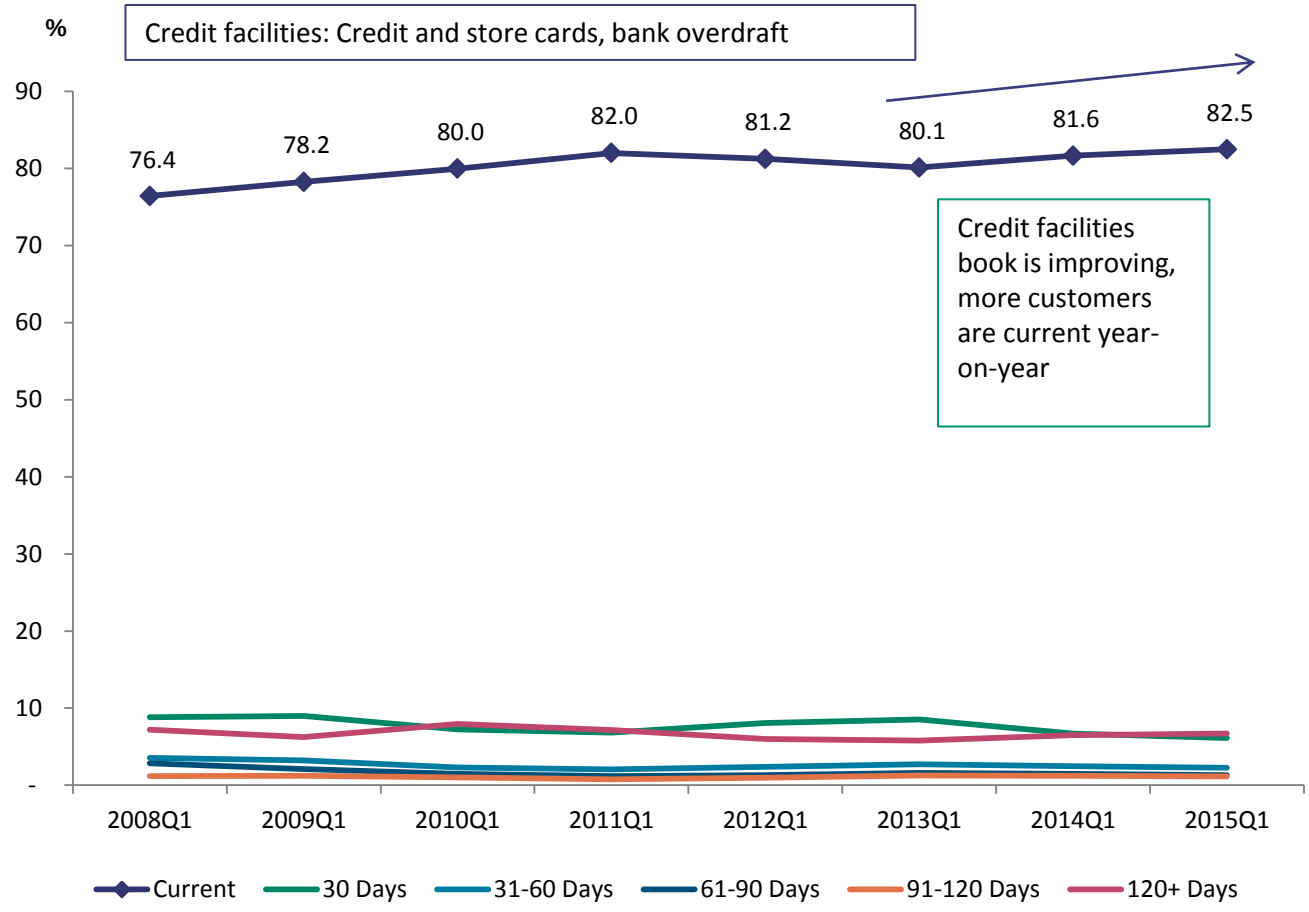
Growth in national credit granted

(Source: National credit regulator statistics, Credit Bureau Monitor, first quarter 2015 statistics)



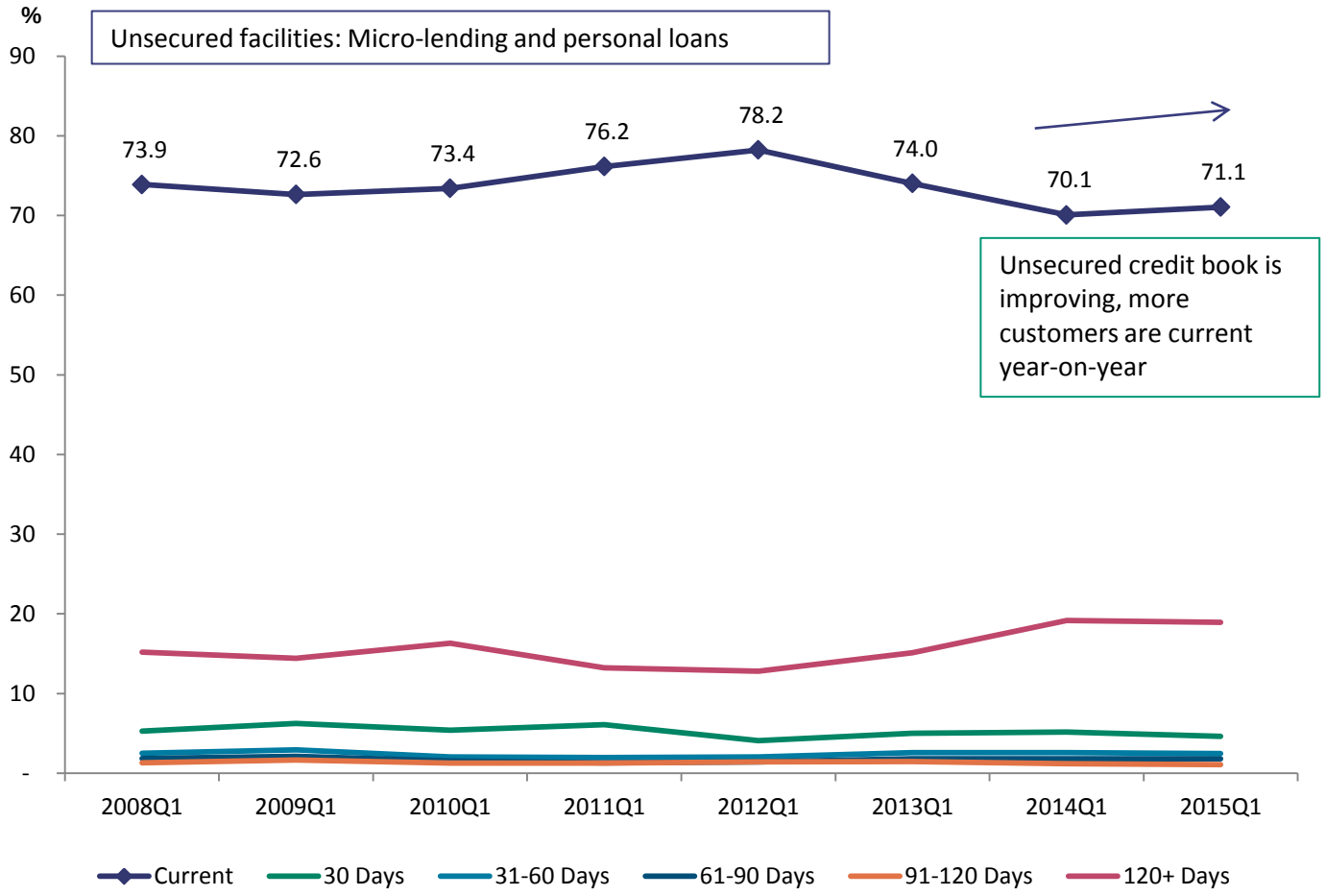
Industry: Credit facilities book quality

(Source: National credit regulator statistics, Credit Bureau Monitor, first quarter 2015 statistics)



Industry: Unsecured credit book quality

(Source: National credit regulator statistics, Credit Bureau Monitor, first quarter 2015 statistics)

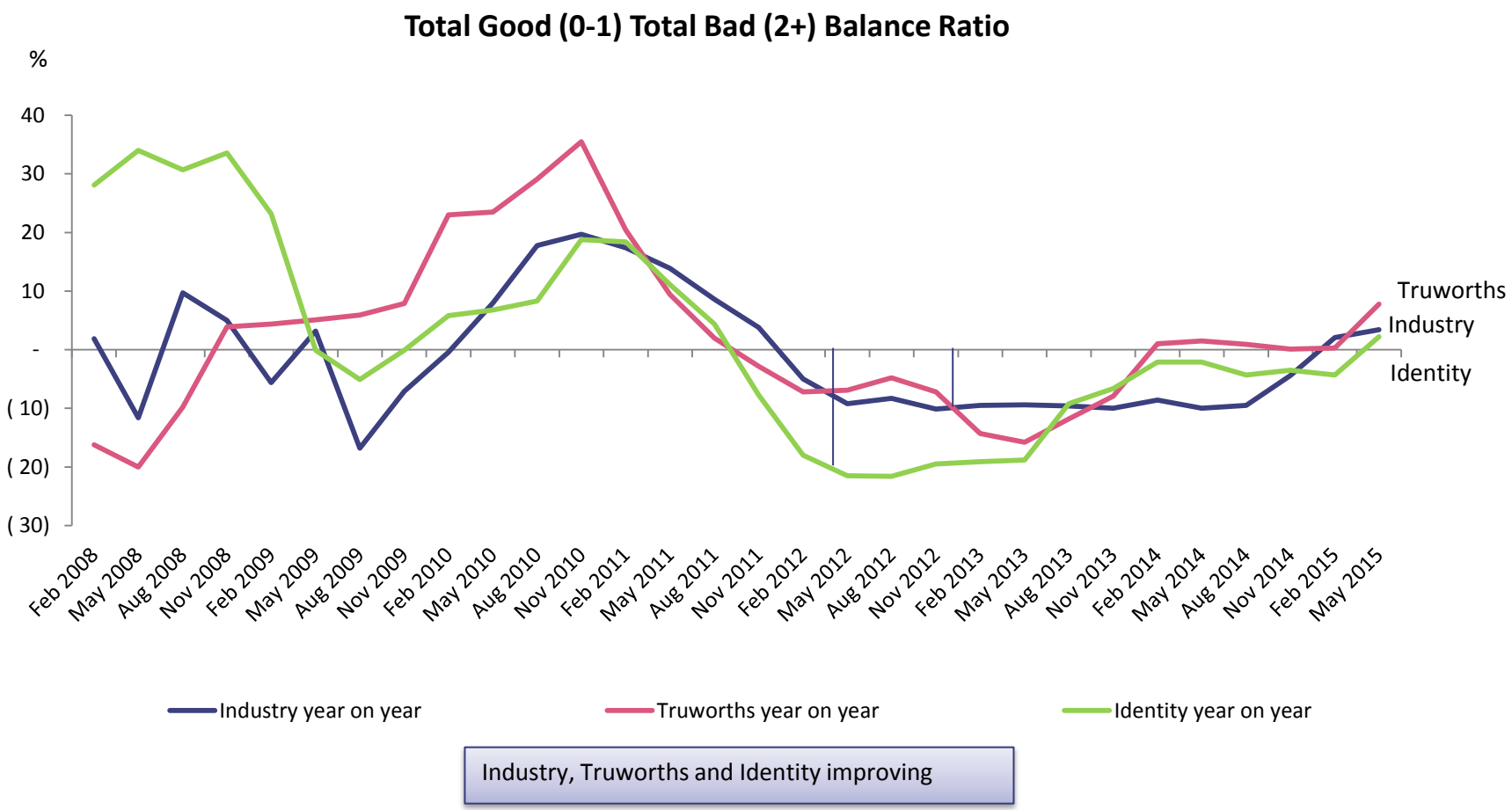


Improving credit metrics

- Credit metrics in the **Truworths** book have improved and are now in line with targeted norms and improving faster than the Industry.
- Truworths continues to gain share of the balance.
- Credit granting criteria in the **Identity** book has been tightened as the book has deteriorated over the past year and is lagging the Industry.
- This brings the Group's total debtors' book in line with our targeted norms at the end of the period. (The doubtful debt allowance was reduced from 13% in December 2014 to 12.5% in June 2015.)
- If this scenario continues the debtors allowance percentage could be reduced and bad debt could continue to improve during the 2016 financial period.
- Group active account base growth of 3%.
- Gross trade receivables growth of 11%.
- Good expected sales (next 12 months) from new accounts and quality of the book in line with our target.

Industry compared to the Group's book

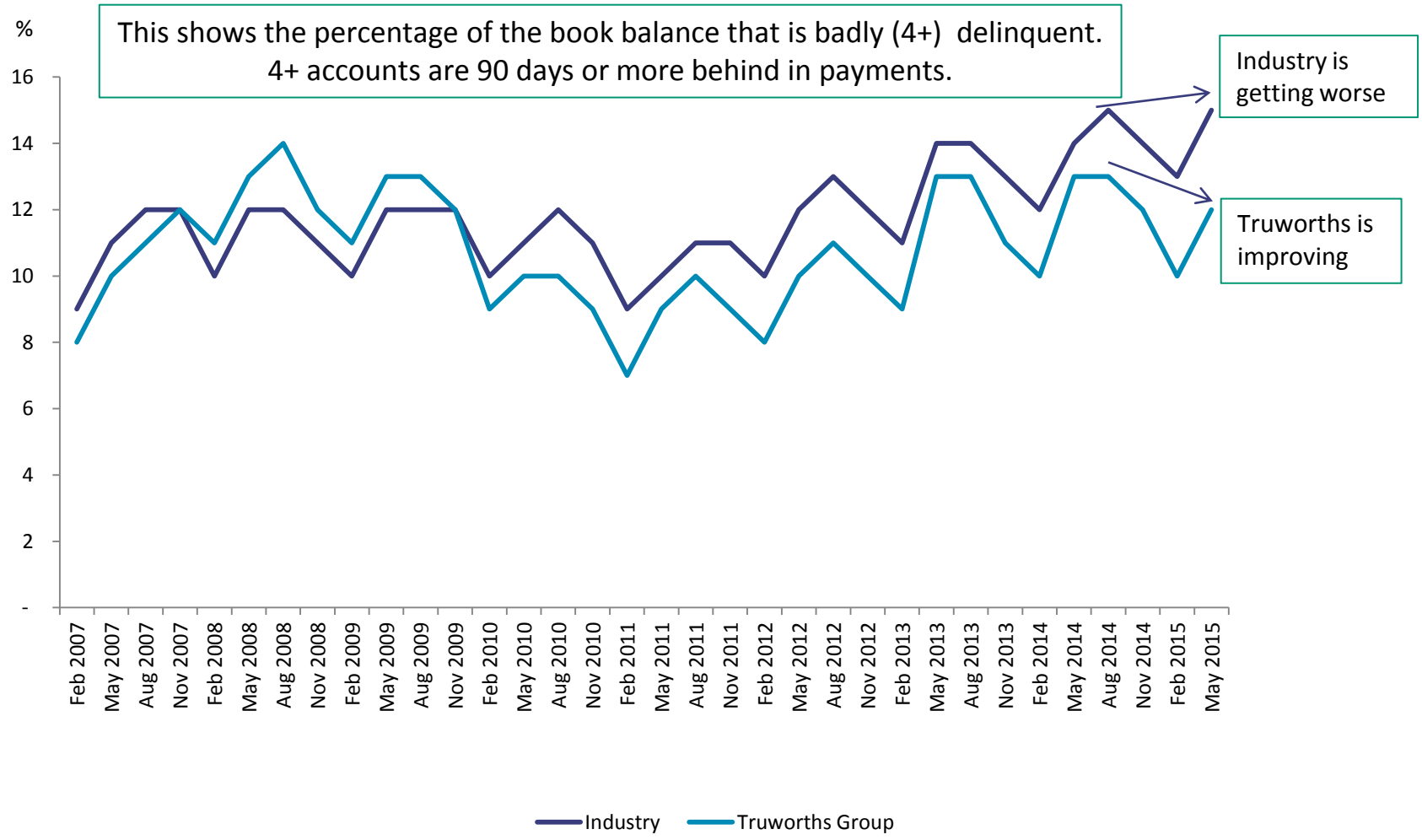
(Source: Principa Credit Compass)



Industry, Truworths and Identity improving

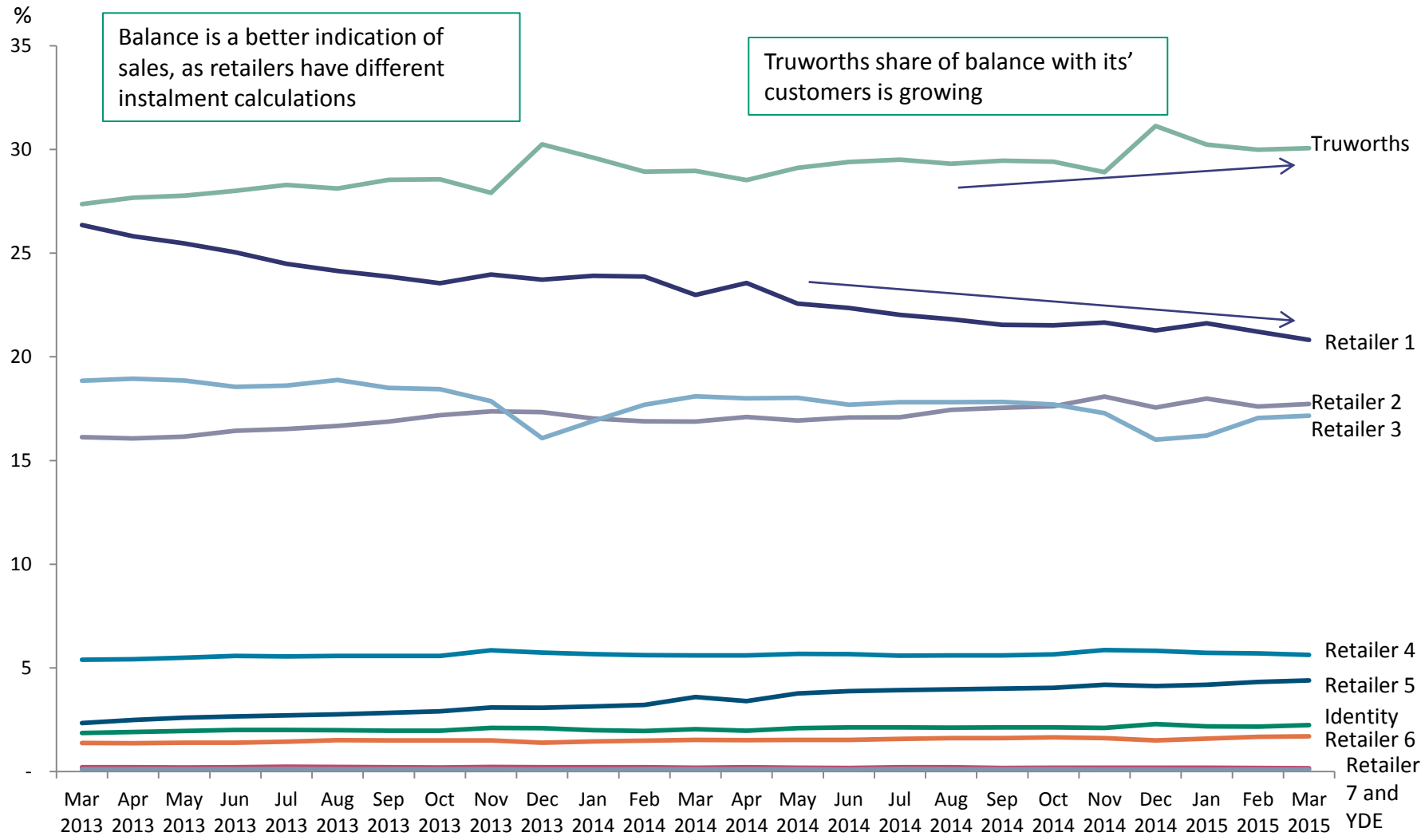
% 4+ Cycle balances (Retail clothing industry benchmark)

(Source: Principa Credit Compass)



Share of balance (Clothing retailers)

(Source: Total Bureau Solution (TBS))



Impact of the credit environment

	June 2015 %	June 2014 %	June 2013 %	June 2012 %	June 2011 %
Retail sales growth	**7**	7	13	10	14
Like-for-like sales growth	**1**	1	8	6	9
Cash sales growth	**6**	11	16	5	9
Credit sales growth	**8**	5	9	16	16
Credit sales growth to customers with **more than 24 month old account**s	**9%**	12	13	10	14
Credit sales growth to customers with **less than 24 month old accounts**	**4%**	(5)	8	23	19
Trade receivable growth	**11**	12	11	14	18
New account growth	**7**	1	6	10	11
Account acceptance rate	**30**	26	31	38	38

The above numbers exclude Earthchild and Naartjie

Credit sales growth 1st half compared to 2nd half

	Credit sales growth: all accounts	Credit sales growth: 24 months and older			Credit sales growth: less than 24 months		
	Full period %	Full period %	1st half %	2nd half %	Full period %	1st half %	2nd half %
June 2015	8	9	9	9	4	(4)	8
June 2014	5	12	12	12	(5)	(1)	(4)
June 2013	9	13	12	13	8	17	(9)
June 2012	16	10	11	9	23	21	2

Trading for the 1st 7 weeks of 2016

	1st 7 weeks of 2016	June 2015 2nd half	June 2015 1st half
Credit sales growth	**17%**	11%	5%
Cash sales growth	**11%**	8%	5%
Group retail sales growth (excl. Earthchild and Naartjie)	**15%**	10%	5%
Gross profit growth	**18%**	11%	3%

Retail sales for the first 7 weeks of the 2016 period have increased by 15% over the corresponding 7 weeks in the prior period with gross profit increasing 18% due to markdowns decreasing 0.2%.

Strategic distinction

Strategic distinction – Our DNA

Our learnings;

Our Strategic Distinction is an awareness of what makes us different and unique – our own DNA

Truworths' Purpose is to serve the youthful, fashionable South African to enable them to feel confident.

We do so with:

- Aspirational brands *all owned by Truworths*
- High quality merchandise *by competitive standards*
- Authentic fashion *but not too young and not too sophisticated*
- Good value *but never c*heap
- Fashion styling of international standard *but modified to cater for our unique offering appropriate for our customers*
- *Aggressive promotional activity*

Truworths' Purpose

"The youthful, fashionable South African wants to look attractive and successful and feel enthused with confidence. To this end, Truworths entices them into the most exciting and visually appealing real and virtual retail environments where they can shop effortlessly for an innovative and adventurous blend of colour, fabric, value and fashion styling of an international standard."

Truworths business overview/uniqueness

- Current strategy sustainable and unique for mass mainstream customers in South Africa.
- Excellent real estate with prime locations in the top malls.
- Aspirational and desirable ‘owned’ brands.
- Best of breed systems and processes.
- Truworths credit customer base exceeds 3.2 million customers (2.7 million of which are active credit customers).
- We can communicate with approximately 13 million people of which 3.2 million are account customers.
- Follow rigorous credit management processes with best of breed systems.
- Well positioned for further expansion into Africa.
- Ladies, men's and kids emporiums are unique because of unique emporium store and ‘owned’ brands.
- Credit environment starting to turn positive for first time in 3 years.
- Lessons learned in product and merchandise processes which auger well for future success.

Our uniqueness: ‘One of a kind’

BEST OF BREED
Department Stores

- Many ‘International’ Brands and Master Brand (Store) – Consignment or wholesale
- **Extremely Wide Variety - better end**
- **Best seller on trend available in many brands, items and categories**
- Adventure and Interesting
- Exciting
- Variety of fixtures and design

macy's

SELFRIDGES&Co

bloomingdale's

Galeries Lafayette

TRUWORTHS is unique -“One of a Kind” – We are seen by customers as a Specialty Store with Best of Breed Specialty and also some Best of Breed Department Store features.

ONE OF A KIND
TRUWORTHS

- Many Brands all owned (International Image) and Master Brand (Truworths)
- **Quite Wide Variety ‘Designed’ Better end Fashion**
- **Best seller on trend available in many brands, items and categories**
- ‘Single focused answer to “Who is the Customer’”
- Unique Business model
- Unique store design
- Adventure, variety of themes in store;
- Unique metrics

TRUWORTHS

BEST OF BREED
Specialty Stores

- Master Brand owned (Store)
- Reasonable Variety yet specialized and focused
- Interesting
- Exciting
- Consistent Fixtures and design
- ‘Single focused answer to “Who is the Customer’”

H&M

ZARA

Review of the financial period

Review of financial performance

- Sale of merchandise growth much stronger in the second half.
- Increased markdowns and therefore reduced gross margin for the full year.
- Improved performance on the debtors' book and slower growth in trade receivable costs.
- Continuing signs of improving credit metrics in the *Truworths* book and the slight deterioration seen in the *Identity* book has been addressed.
- Strong cash generation from operations.
- Continued investment for growth in stores and systems.
- Earthchild and Naartjie integrated into the business.

Financial targets

		June 2016 Targets	June 2015 Actual	June 2015 Targets	June 2014 Actual
Gross margin	(%)	54 - 57	**55.2**	54 - 57	55.9
Operating margin	(%)	32 - 36	**30.5**	32 - 36	32.1
Return on equity	(%)	37 - 42	**35**	37 - 42	37
Return on assets	(%)	41 - 46	**38**	41 - 46	42
Inventory turn	(times)	5.5 - 6.0	**4.7**	5.5 - 6.0	5.3
Asset turnover	(times)	1.2 - 1.5	**1.2**	1.2 - 1.5	1.3

Financial performance

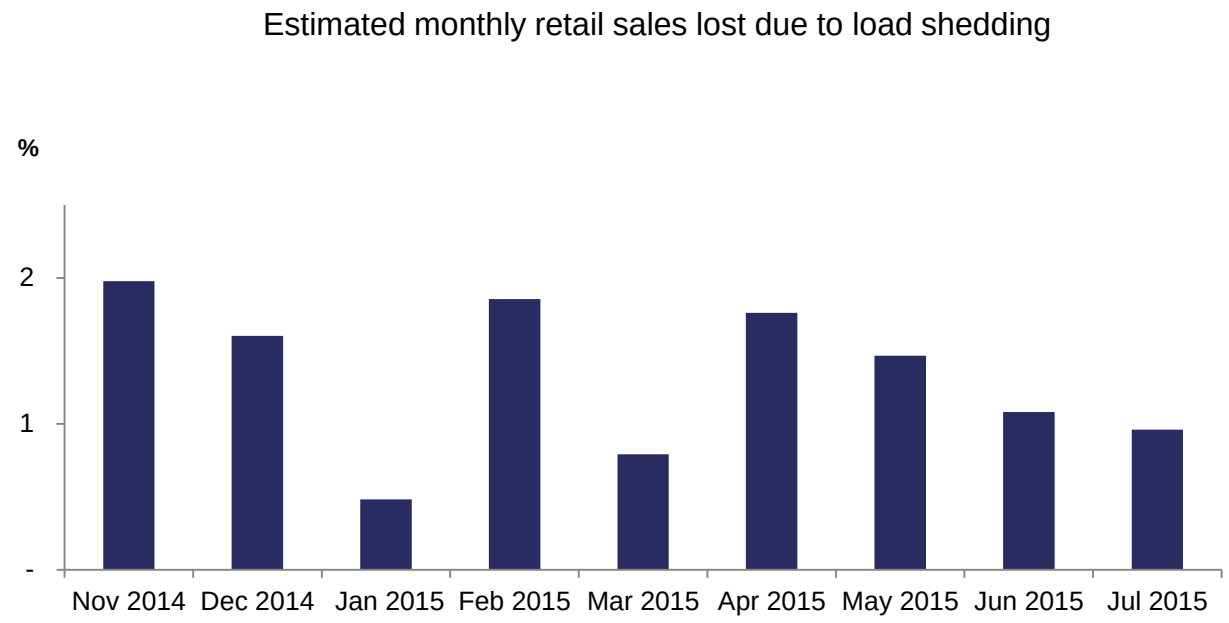
	June 2015 Full year	June 2015 2nd half	June 2015 1st half
Retail sales growth on prior period (excl. Earthchild and Naartjie)	**7%**	10%	5%
Retail sales growth on prior period (incl. Earthchild and Naartjie)	**8%**	12%	5%
Gross margin	**55.2%**	55.1%	55.3%
Headline earnings per share growth on prior period	**3%**	8%	(0.4%)
Fully diluted headline earnings per share growth on prior period	**4%**	8%	1%

Divisional retail sales

	June 2015 Rm	June 2014 Rm	Full period growth (incl. Earthchild and Naartjie) %	Full period growth (excl. Earthchild and Naartjie) %	2nd half growth %	1st half growth %
Truworths ladieswear	**4 387**	4 258	3	3	5	1
Truworths menswear	**2 386**	2 168	10	10	13	8
Truworths designer emporium*	**1 464**	1 417	3	2	6	(2)
Truworths kids emporium**	**457**	289	58	31	34	29
Other***	**999**	911	10	10	12	8
Truworths emporium	**9 693**	9 043	7	6	8	4
Identity	**1 951**	1 719	13	13	17	11
Group retail sales	**11 644**	**10 762**	**8**	**7**	**10**	**5**
YDE agency sales	**297**	305	(3)			

* Daniel Hechter, LTD and Earthaddict
** LTD Kids, Earthchild and Naartjie
*** Cellular, Truworths Jewellery and Cosmetics

Load Shedding Index



- Approximately R125 million lost in retail sales from November 2014 to July 2015.
- Average % retail sales lost is 1.4% from November 2014 to July 2015.
- Highest % retail sales lost per week was 6.3%.

Retail sales growth analysis

	Retail sales Rm	Retail sales growth	LFL store growth	Product inflation	Unit growth
June 2015*	**11 539**	**7%**	**1%**	**6%**	**1%**
1st half*	**6 232**	**5%**	**(1%)**	**6%**	**(1%)**
2nd half*	**5 307**	**10%**	**4%**	**5%**	**5%**
June 2014	10 762	7%	1%	9%	(2%)
June 2013	10 074	13%	8%	2%	1%
June 2012	8 921	10%	6%	8%	2%
June 2011	8 080	14%	9%	4%	-
June 2010	7 118	11%	4%	4%	7%

* 2015 excludes Earthchild and Naartjie

Group number of stores

	June 2015 Stand-alone stores	Dept's within stores	Total
Truworths	**334**	-	334
Identity	**230**	-	230
Uzzi	**52**	174	226
Earthchild and Earthaddict*	**41**	-	41
Truworths Man	**34**	319	353
Naartjie*	**28**	-	28
YDE	**21**	-	21
Daniel Hechter	**3**	352	355
LTD	**2**	146	148
Ginger Mary	**2**	262	264
Total	**747**		

* 62 stores acquired through acquisition of Earthchild, Earthaddict and Naartjie and 7 stores opened subsequently.

Trading space

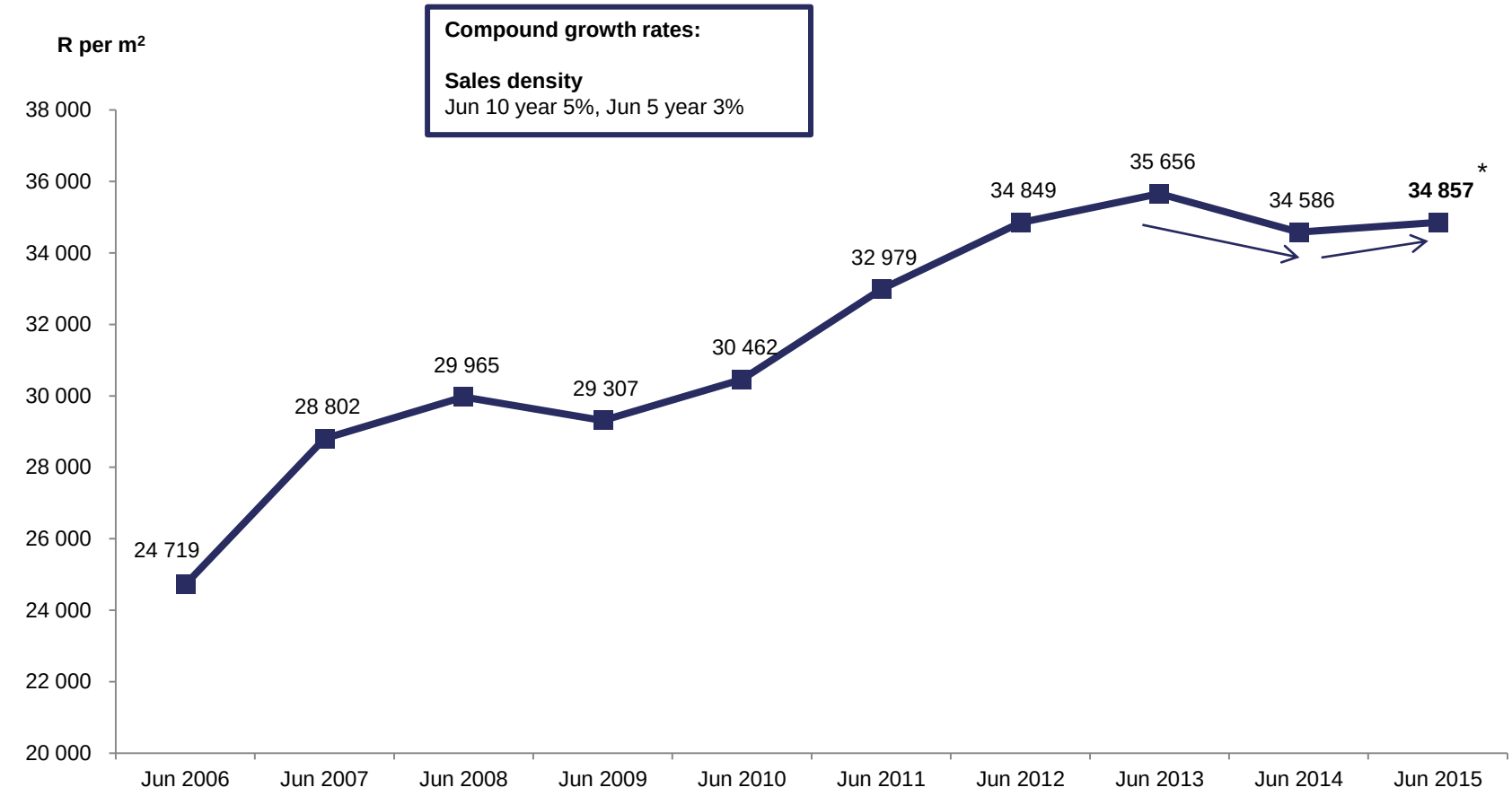
Trading m^2 000	June 2015	June 2014
Truworths	**268**	253
Identity	**65**	60
Uzzi	**4**	4
Earthaddict and Earthchild	**3**	-
Naartjie	**2**	-
Total (excl YDE)	**342**	**317**
YDE	**7**	7
Total	**349**	**324**
Growth on prior period	**7.7%**	**10.3%**
Growth excl. Earthchild and Naartjie	**6.1%**	

Rest of Africa corporate stores

	Retail sales June 2015 Rm	Retail sales June 2014 Rm	Growth on prior period	No. of stores June 2015	No. of stores June 2014
Namibia	**219**	196	12%	**16**	12
Botswana	**75**	63	19%	**8**	8
Swaziland	**71**	68	4%	**5**	5
Zambia	**24**	20	20%	**5**	3
Ghana	**22**	17	29%	**4**	2
Lesotho	**15**	12	25%	**2**	2
Mauritius	**12**	10	20%	**2**	2
Nigeria	**8**	7	14%	**2**	4
Total	**446**	**393**	**13%**	**44**	**38**

- Retail sales from the rest of Africa contributed 3.8% to Group retail sales (2014: 3.8%).
- The sales above exclude stores closed in both Lesotho and Nigeria.

Sales densities trend



* The above trading density excludes Earthchild and Naartjie

Analysis of trading expenses

	June 2015 Rm	June 2014 Rm	Growth on prior period
Depreciation and amortisation	**221**	184	20%
Employment costs	**1 186**	1 024	16%
Occupancy costs	**1 102**	954	16%
Trade receivable costs	**960**	916	5%
Other operating costs	**647**	590	10%
Trading expenses	**4 116**	**3 668**	**12%**

Analysis of trading expenses (continued)

Trading expenses increased 12% compared to the prior period as follows:

- Depreciation and amortisation (20% growth):
  - Capital expenditure of R 380 million in the period mainly due to store expansion.
- Employment costs (16% growth):
  - Excluding non-comparable store costs, incentive bonuses, special payments and expenses relating to the various share schemes, comparable employment costs increased by 8%.
- Occupancy costs (16% growth):
  - A net 106 (37 excluding Earthchild and Naartjie) stores opened between Jun 2014 to Jun 2015.
  - Trading space growth of 7.7% on Jun 2015 (excluding Earthchild and Naartjie: 6.1%).
  - Excluding non-comparable store costs, comparable occupancy costs increased 9%.
  - Normal rental escalations averaged 7% during the period.
  - Electricity increase of 18%, excluding non-comparable store costs, increase of 8%.

Analysis of trading expenses (continued)

- Trade receivable costs (5% growth):
  - The doubtful debt allowance remained unchanged at 12.5% of gross trade receivables.
  - Net bad debt increased by 7% (excluding debt sold 8% increase).
  - The interest income earned (including notional interest) on the debtor's book during the period = R969 million (2014: R828 million)
  - Trade receivable costs = R960 million (2014: R916 million)
  - Surplus = R9 million (2014: Deficit = R88 million).

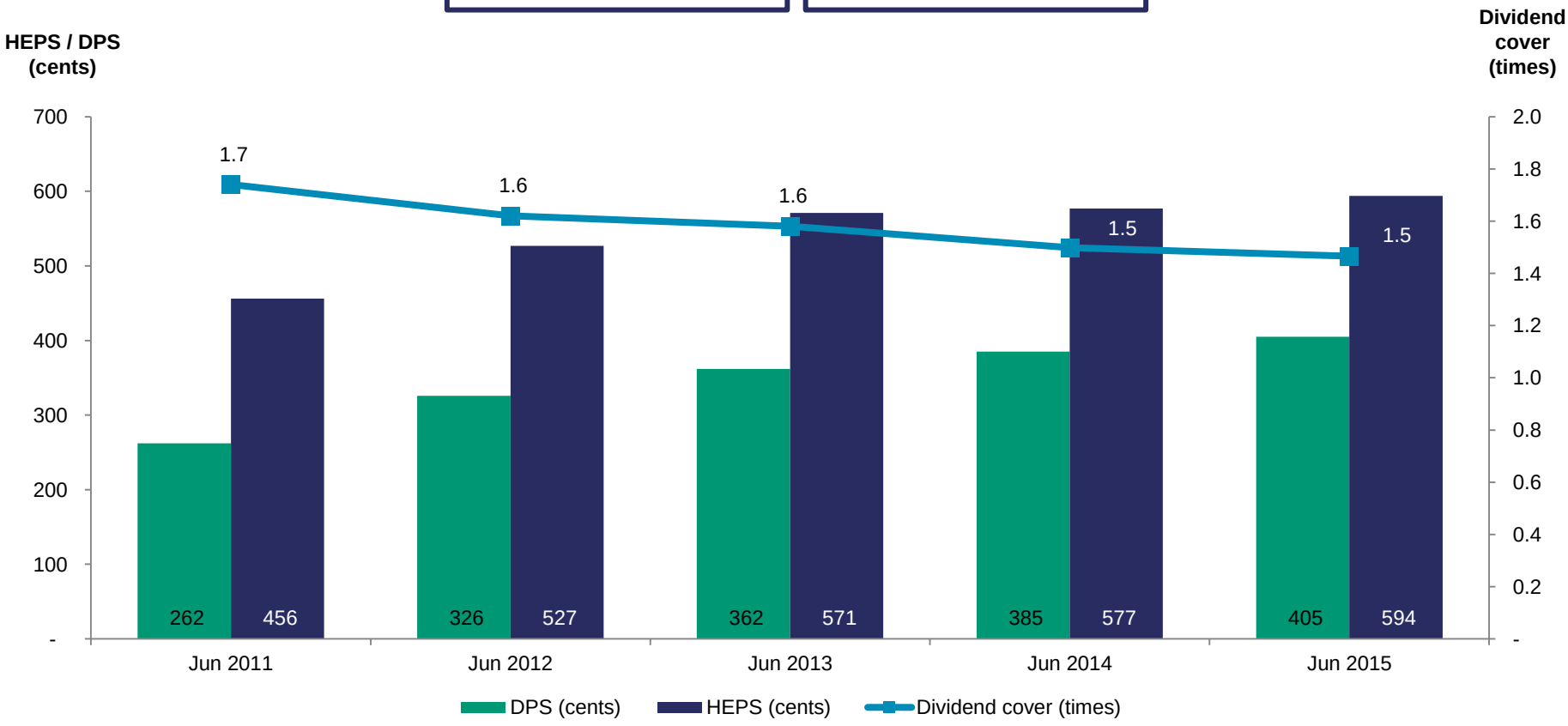
HEPS, DPS and dividend cover

Compound growth rates:

HEPS:
June 10 year 15%, 5 year 9%

Compound growth rates:

DPS:
June 10 year 19%, 5 year 15%



Statements of financial position

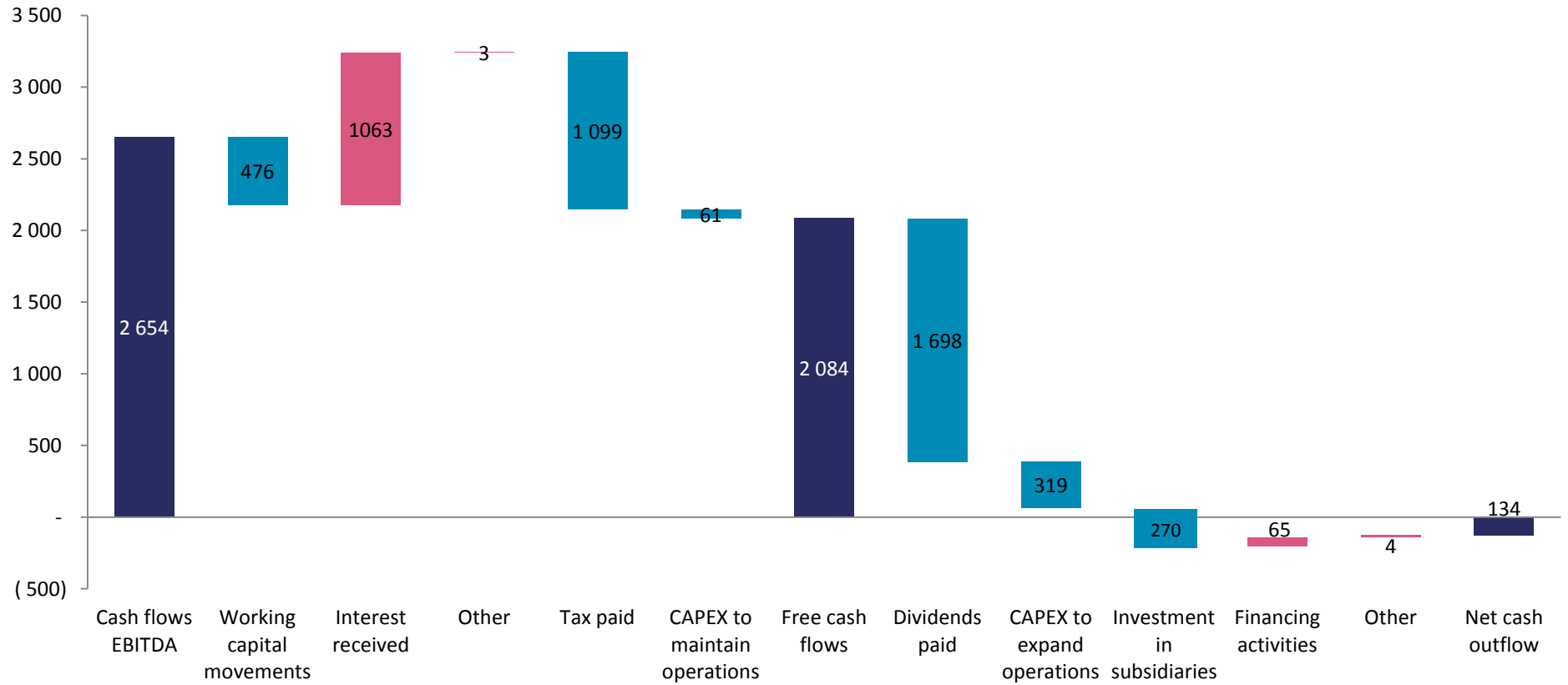
	June 2015 Rm	June 2014 Rm	Growth on prior period %
Non-current assets	**1 876**	1 360	38
Cash and cash equivalents	**1 462**	1 588	(8)
Trade and other receivables	**4 637**	4 182	11
Inventories	**1 074**	863	24
Other current assets	**108**	83	30
Total assets	**9 157**	**8 076**	**13**
Total equity	**7 504**	6 642	13
Non-current liabilities	**192**	88	118
Current liabilities	**1 461**	1 346	9
Total equity and liabilities	**9 157**	**8 076**	**13**
Net asset value (cents per share)	**1 791**	**1 605**	**12**

Increase in inventory

	June 2015 Rm	June 2014 Rm	Growth on prior period
Inventory	**968**	838	15.5%
Add: fabric and work-in-progress (manufacturing)	**39**	25	56.0%
	1 007	863	16.7%
Add: Earthchild and Naartjie	**67**	-	100.0%
Total inventory	**1 074**	863	24.4%

- Excluding the inventory of Earthchild and Naartjie, strategic fabric held and work in progress, gross inventory increased 15.5%.
- The Group's net inventory balance increased by 24.4% to R1.1 billion.

Cash flows for the period



Capital expenditure

	June 2016 Committed Rm	June 2015 Actual Rm	June 2014 Actual Rm	Growth on prior period
Store development	322	280	232	21%
Distribution facilities, land and buildings	333	28	5	n/a
Computer infrastructure	34	27	26	4%
Head office refurbishment	21	6	6	-
Motor vehicles	5	4	6	(33%)
Fixed assets	715	345	275	
Intangible assets: computer software	52	53	14	n/a
Total assets	767	398*	289	

* June 2015 includes R18 million relating to acquisitions

Capital management

- Share buy-backs:
  - During the current period the Group did not repurchase any shares.
  - Since inception of the share buy-back programme in 2002, 95 million shares (R2.9 billion) have been repurchased at an average cost of R30.85.
  - The balance of 10.4 million shares (2.4% of total shares in issue) are held as treasury shares.

Credit management

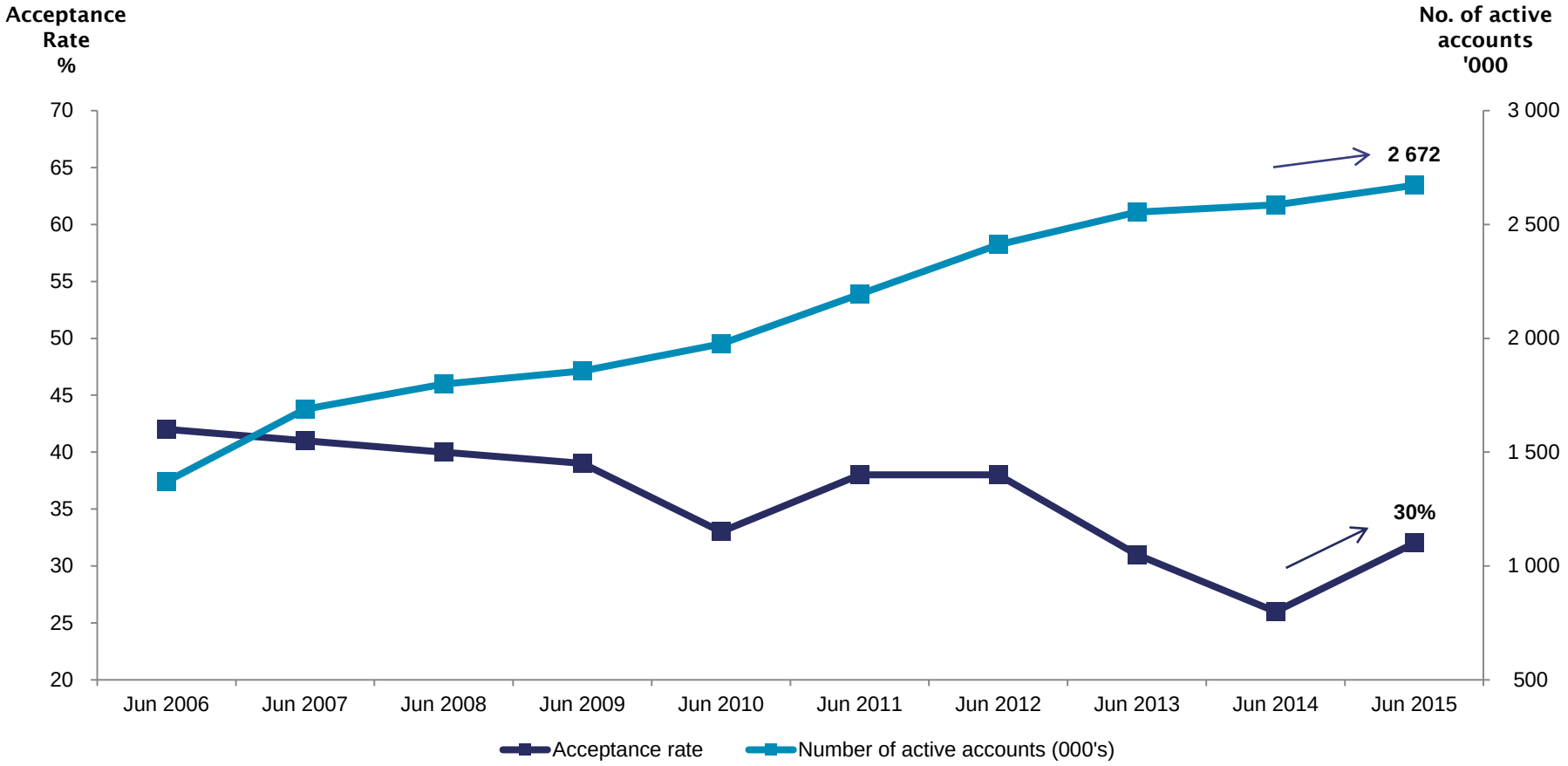
Key trade receivable statistics

	June 2015	June 2014
Number of active accounts (000's)	**2 672**	2 586
Growth in active accounts	**3%**	1%
Gross trade receivables (before doubtful debt allowance) (Rm)	**5 229**	4 720
Growth in gross trade receivables (before doubtful debt allowance)	**11%**	12%
Credit sales as a % of retail sales	**70%**	71%
Qualifying payment	**90%**	90%
Applicants granted credit	**30%**	26%

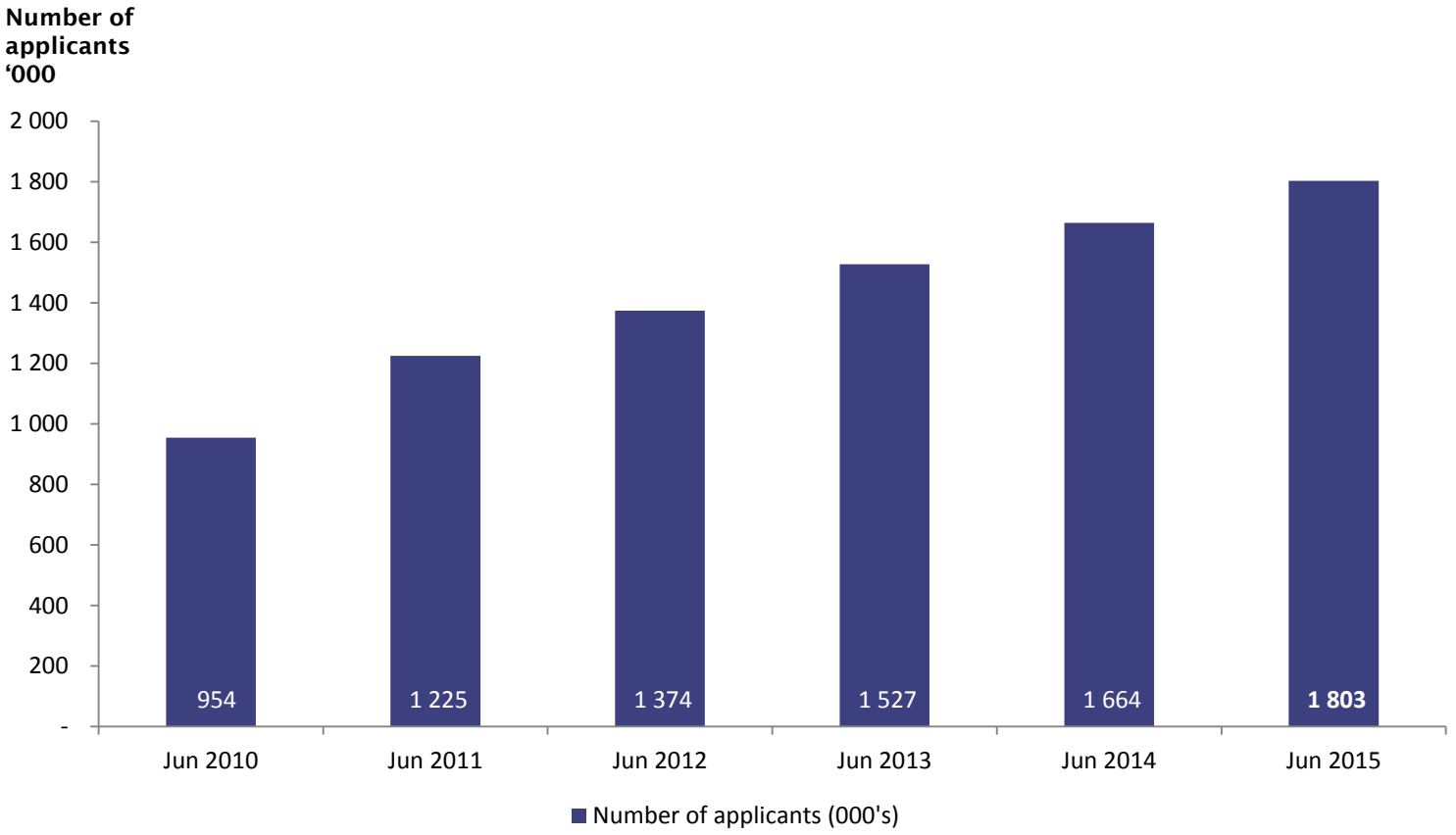
Key trade receivable statistics (continued)

	June 2015	June 2014
Active account holders able to purchase at period-end	**83%**	83%
Overdue values as a % of gross trade receivables	**14%**	14%
Net bad debt as a % of credit sales	**7.9%**	8.0%
Net bad debt as a % of gross trade receivables	**12.5%**	12.9%
Doubtful debt allowance as a % of gross trade receivables	**12.5%**	12.5%
Trade receivable interest as a % of gross trade receivables	**18.5%**	17.6%

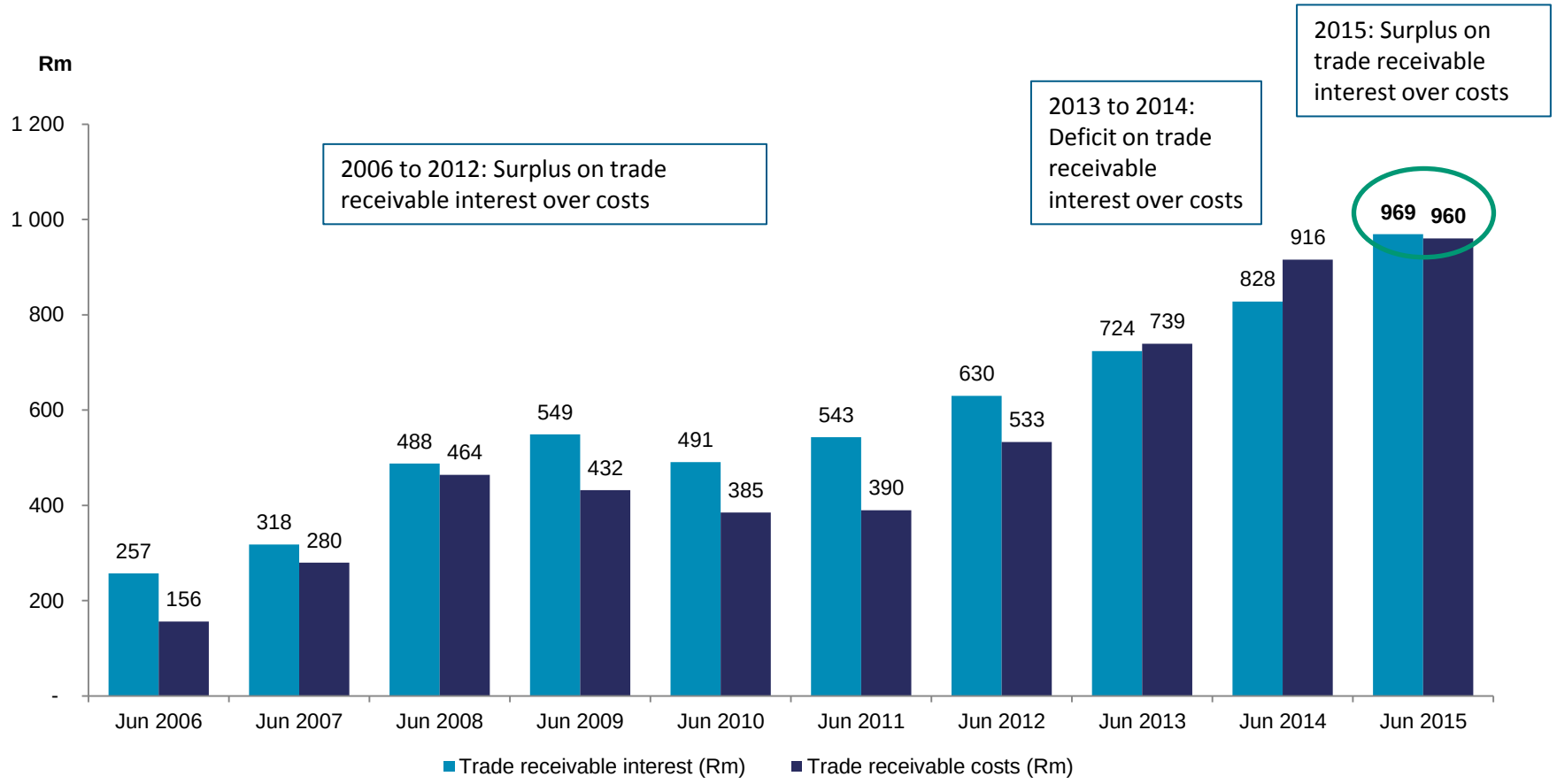
Active accounts vs. acceptance rate



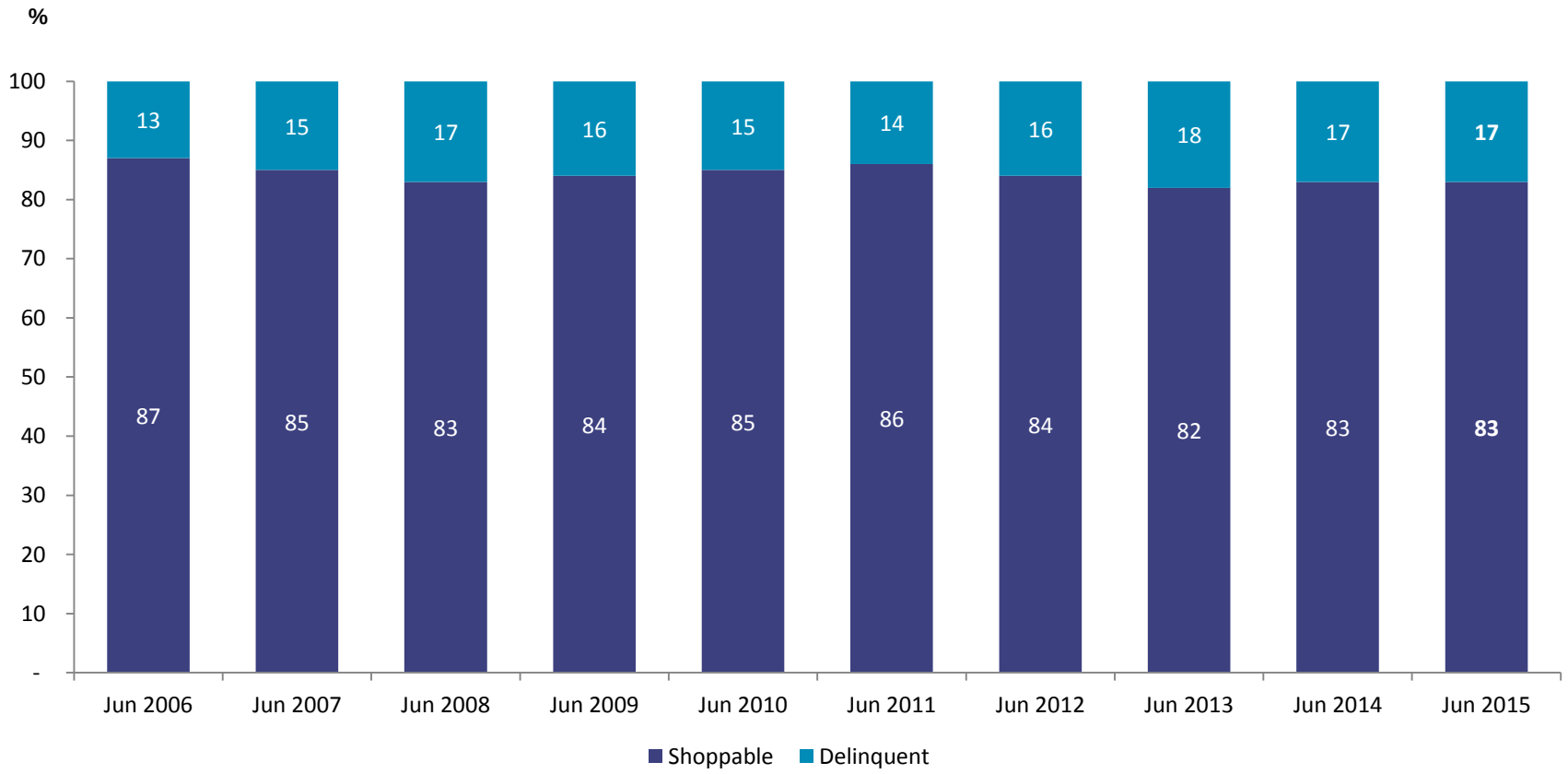
New account applications



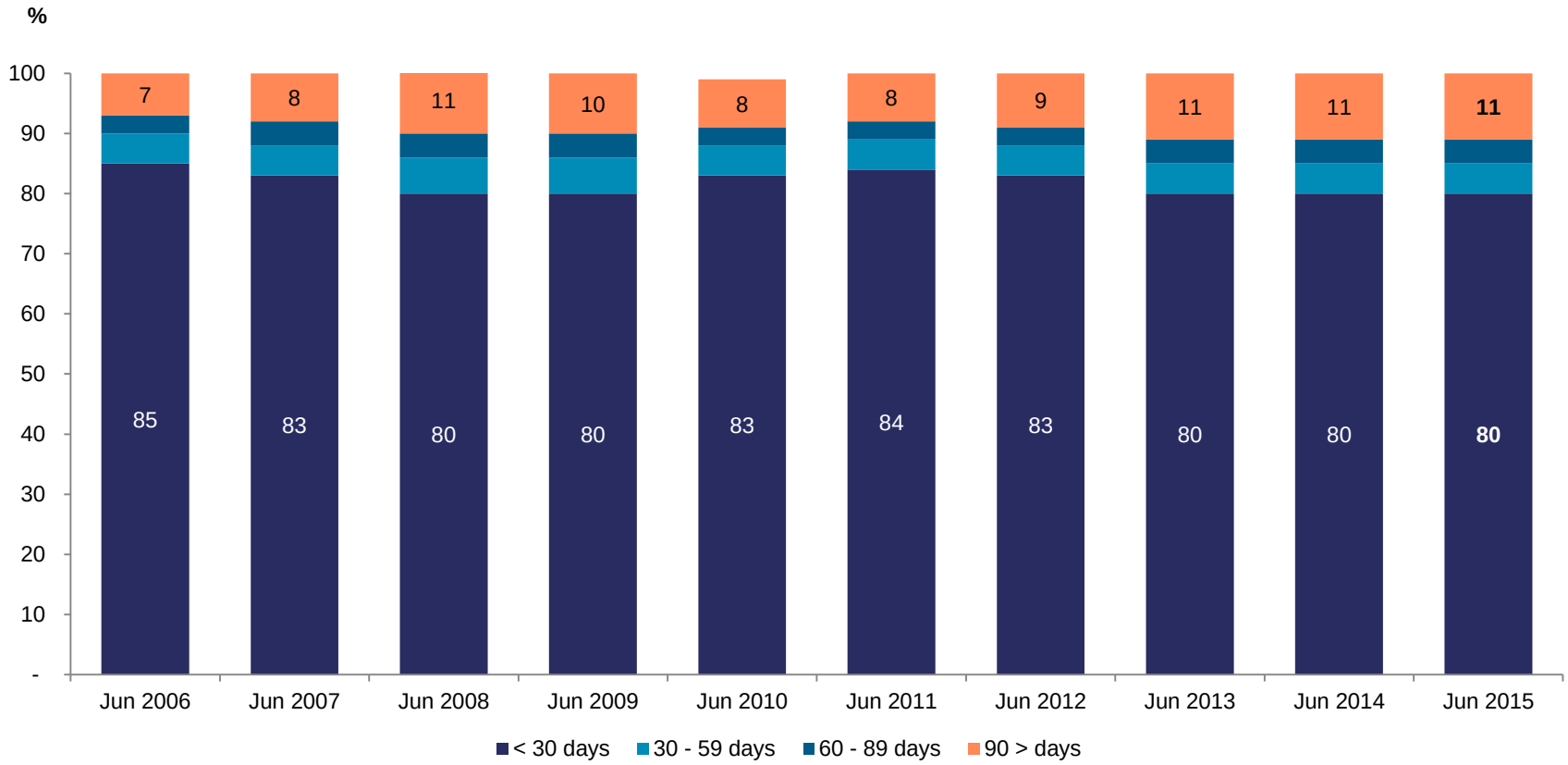
Trade receivable costs vs. interest received



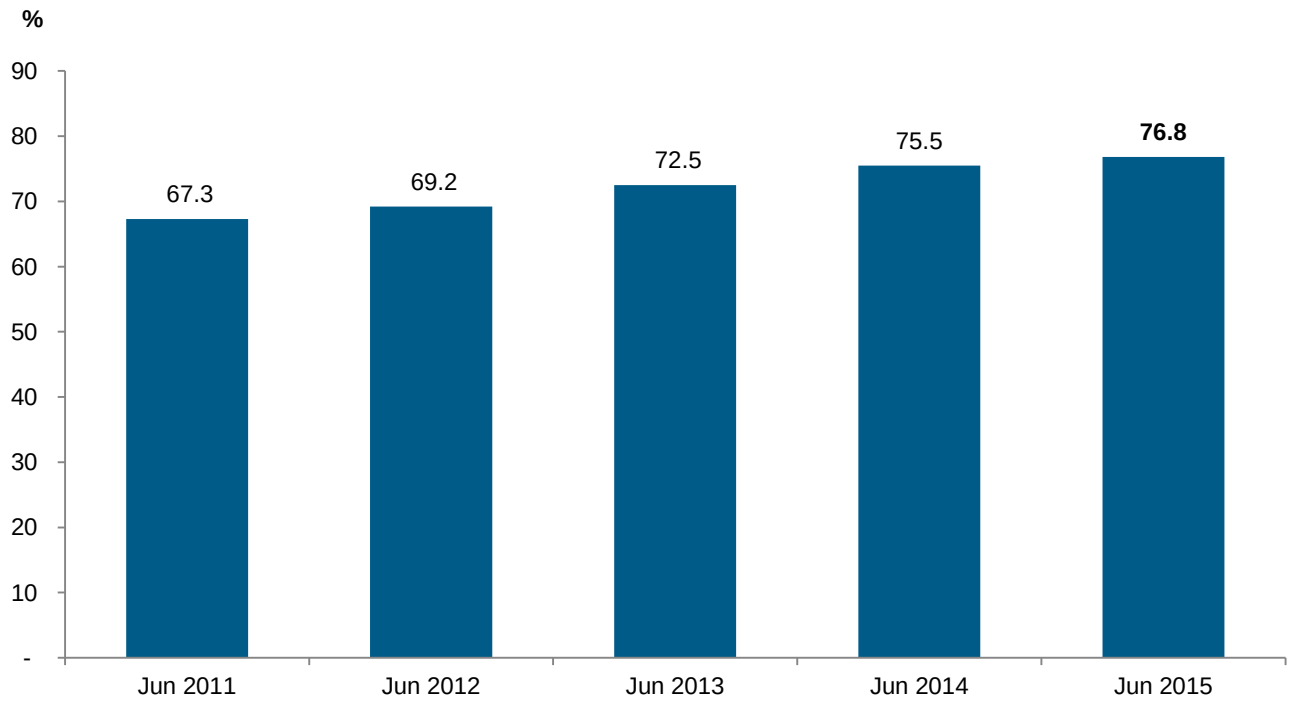
Active account holders able to purchase



Ageing of debtors book

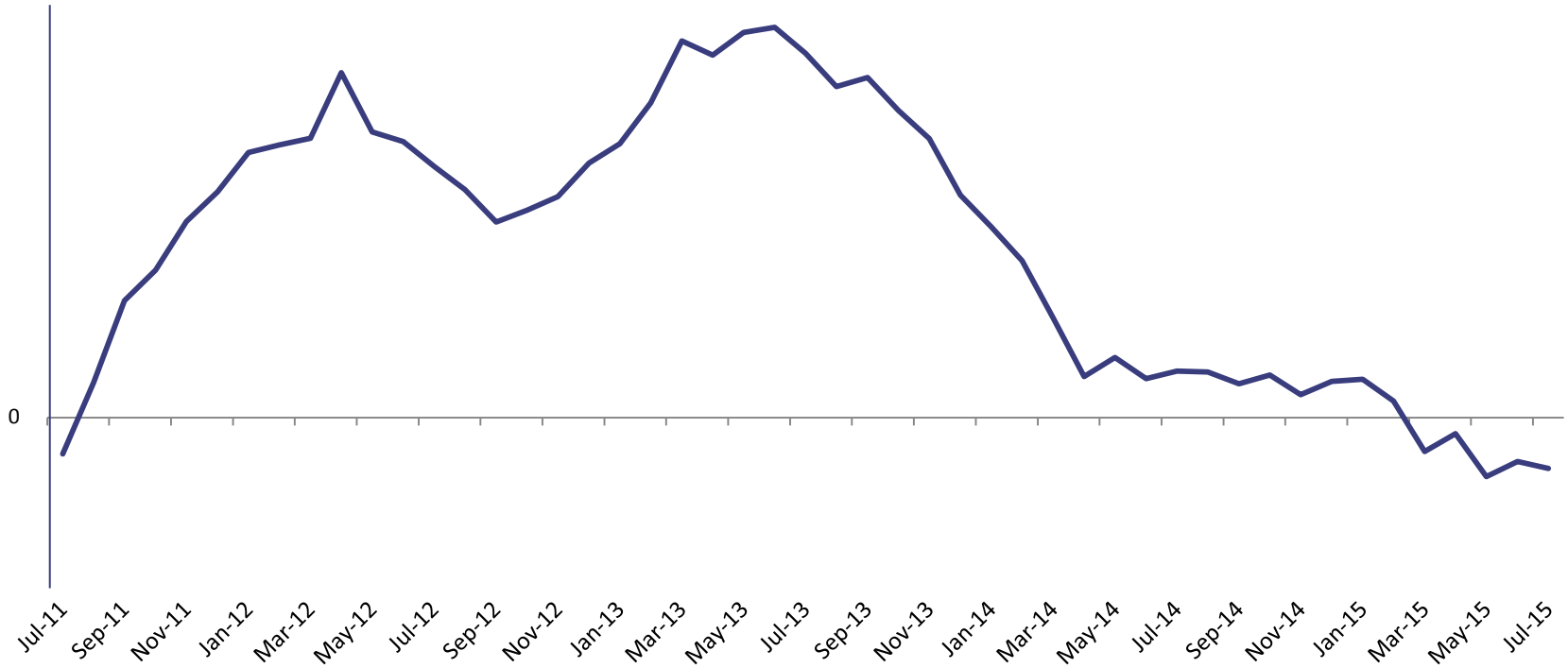


Interest bearing plans as a % of the total book



Group book quality index

As the quality of the book improves, so the line trends lower



Strategic focus areas

Strategic focus areas

- Kidswear expansion
- African expansion
- Omni-channel strategy incorporating E-commerce
- Loyalty programme
- Supply chain

Kidswear expansion

- Purchased Earthchild and Naartjie during the period, with full integration being complete by early 2016.
- Kids emporiums have been developed which is unique in SA retail (includes LTD kids).
- 1st Kids emporiums will open in October 2015 (Rustenburg and Zevenwacht) with further roll-out from November 2015.
- Plan to roll out 150 kidswear stores (both stand alone and emporium) over the next five years.
- Earthaddict, acquired together with Earthchild, will fit well into the Truworths designer emporium.

African expansion

- Currently 44 stores outside of South Africa.
- Plan to expand the store base to 120 by 2020.
- Large portfolio of owned brands enables Truworths to accommodate local tastes and preferences of each country.
- Focus for the 2016 financial period will be to open additional stores in Nigeria, Zambia, Namibia and Kenya and to open stores in Tanzania and Mozambique.

Omni-channel strategy incorporating e-Commerce

- Omni-channel retail has been identified as an area of strategic focus.
- The ability for the customer to shop when, how and on what platform they choose, is a core focus of this project.
- Working on full omni-channel capability, including non-account customers purchasing, with the first phase being the relaunch of our website in early 2016.
- Responsive design mobile application and further brand rollout in first half 2016.
- Key focus areas will increase the ability for customers to shop effortlessly across their devices and physical stores, allowing for better transparency and greater logistical accuracy in the fulfillment process.

Loyalty programme

- Truworths has an on-going structured relationship with its customers through the credit offering
  - From this a unique understanding exists on customer behaviour and preferences.
- Launch during the second half of the 2016 financial period.
- The aim is to create a fashion-focussed mutually financially beneficial relationship with our customers, increasing their basket size and frequency of shopping in Truworths and Identity.
- The expected number of loyalty cash and account customers at the end of the 2016 period should be approximately 4 million.

Supply chain: Distribution centres

- Continue to achieve efficiency improvements of between 5% and 8% year on year.
- Plans to significantly enlarge the current distribution centres' capacity.
- Acquired land adjacent to the main distribution centre and plans to commence the development of a third distribution centre in 2016.
- Implementing a new warehouse management system and will be operational in the first half of the 2016 reporting period:
  - Facilitate new distribution methods
  - Improve stock management and measurement
  - Implement advanced labour management techniques.

Outlook

Outlook

- Retail sales (excluding Earthchild and Naartjie) for the first seven weeks of the 2016 financial period reflect an encouraging increase of 15% over the corresponding seven weeks in the prior period.
- This increase has been underpinned by very good sales growth on current season merchandise with gross profit increasing 18%, whilst markdowns on prior season merchandise have decreased by 0.2% over the corresponding seven-week period.
- The credit environment is steadily improving despite the current tough economic environment.
- We are optimistic that the merchandise ranges for the upcoming summer season are appealing to customers.
- The Group's business model has withstood the downturn in the credit cycle well.
- Capital expenditure of R767 million committed for 2016.
- Product inflation is anticipated to average between 8% and 10% in 2016.
- Trading space is planned to grow approximately 4% in 2016 (including Earthchild and Naartjie).

Questions

Disclaimer

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This announcement contains certain forward-looking statements with respect to the financial condition and results of operations of Truworths International Limited and its group companies, which by their nature involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to: global and national economic conditions; growth in trading space; interest rates; credit and the associated risks of lending; merchandise clearance rates; inventory levels and stock turn; gross and operating margins achieved; and competitive and regulatory factors. The Group does not undertake to publicly update or revise any of these forward-looking statements, whether to reflect new information or future events or otherwise.