STEINHOFF
INTERNATIONAL HOLDINGS N.V.

ADDING VALUE TO LIFESTYLE

UNAUDITED HALF-YEAR RESULTS

FOR THE SIX MONTHS ENDED 31 MARCH 2017

FOR LIFE
- CLOTHING
- FOOTWEAR
- PERSONAL ACCESSORIES
- CELLULAR PRODUCTS
- SELECTED FINANCIAL SERVICES
- AUTOMOTIVE

FOR THE HOME
- FURNITURE AND BEDDING
- HOUSEHOLD GOODS
- APPLIANCES
- HOME ACCESSORIES
- CONSUMER ELECTRONICS AND TECHNOLOGY PRODUCTS
- BUILDING MATERIALS AND DIY PRODUCTS

PERIOD UNDER REVIEW

MARKUS JOOSTE
CEO

PERIOD UNDER REVIEW

STEINHOFF INTERNATIONAL HOLDINGS N.V.

STEINHOFF GROUP UNAUDITED HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2017 (H1FY17)

€10.2bn
REVENUE

€903m
OPERATING PROFIT[1]

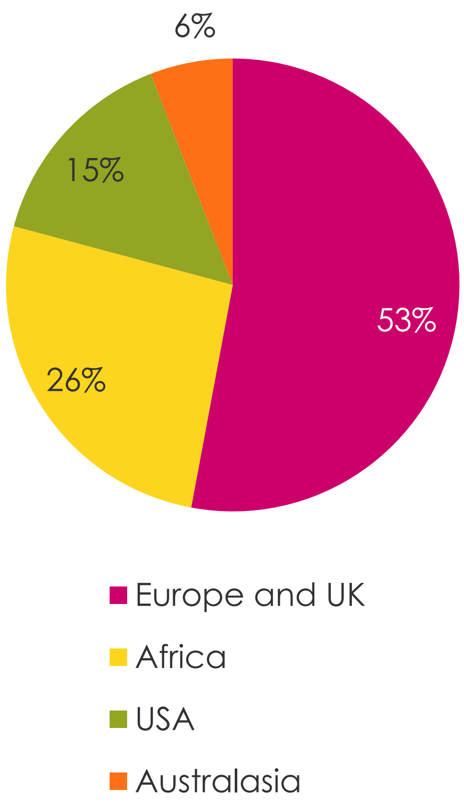
15.5c
DILUTED SUSTAINABLE EARNINGS PER SHARE[2]

Continuing operations	H1FY17	H1FY16	Growth
Revenue (€m)	**10 165**	6 889	**48%**
Operating profit (€m)[1]	**903**	797	**13%**
Diluted weighted average number of shares in issue (m)	**4 677**	4 051	**15%**
Diluted sustainable earnings per share (c)[2]	**15.5**	16.0	**(3%)**
Cash flow conversion ratio[3]	**101%**	70%	**44%**
Net asset value per share (c)	**371**	324	**15%**

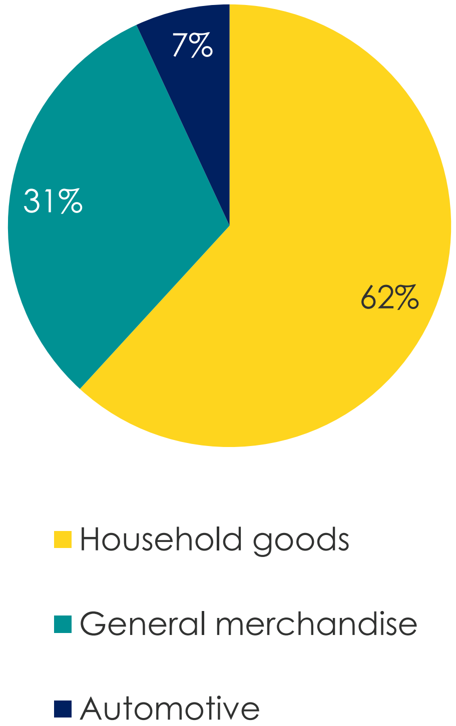
[1] *Before capital items.*
[2] *Diluted sustainable earnings per share is calculated using diluted earnings per share as determined by IAS 33 Earnings per Share, and then excluding specific capital items, net of related taxation and related non-controlling interests. This number is required to be reported by the Johannesburg Stock Exchange, where the group has its secondary listing, and is defined by Circular 2/2015 Headline Earnings*
[3] *Cash generated from operations/operating profit.*

SEGMENTAL REVENUE ANALYSIS

H1FY17: GEOGRAPHIC SEGMENTS



H1FY17: OPERATING SEGMENTS



OPERATIONAL OVERVIEW

HOUSEHOLD GOODS

HOUSEHOLD GOODS

STEINHOFF INTERNATIONAL HOLDINGS N.V.

CONFORAMA

Results	H1FY17	H1FY16	Growth	Constant currency
Revenue (€m)	**1 922**	1 850	4%	4%
Operating profit (€m)	**116**	99	17%	
Operating margin	**6.0%**	5.4%	60 bps	

- Revenue growth impacted by low consumer confidence linked to the elections and high base in France due to unusually high television sales in the comparative period
- Core product like-for-like revenue decreased by 1.5%
- Margin improvement due to:
  - Growth in strategic higher margin product categories – upholstered furniture (sofas), mattresses, kitchens and decoration
  - Increased volumes driving sourcing and logistics efficiencies
  - Diligent cost management
- Lipo brand included in Conforama in the current period only
- Showroomprivé investment announced in May will support omni-channel strategy

HOUSEHOLD GOODS

STEINHOFF
INTERNATIONAL HOLDINGS N.V.

ERM

Results	H1FY17	H1FY16	Growth	Constant currency
Revenue (€m)	**1 258**	1 113	13%	13%
Adjusted operating profit (€m)	**136**	125	9%	
Adjusted operating margin	**10.8%**	11.2%	(40 bps)	

- Poco continues to outperform the German market
- Germany revenue growth of 5% and like-for-like growth of 0.3%
- kika-Leiner included for only four months in the comparative period, lower margin business
- kika-Leiner stable like-for-like revenue growth performance
- €20 million refurbishment costs added back in adjusted operating profit
- Strong growth in eastern European operations

HOUSEHOLD GOODS

UNITED STATES OF AMERICA

Results	H1FY17
Revenue (€m)	1 518
Adjusted operating profit (€m)	69
Adjusted operating margin	4.5%

- Integration and brand consolidation of Sleepy's and Sleep Train completed with one-off costs of €48 million added back in adjusted operating profit
- Serta Simmons strategic partnership in terms of merchandise and marketing co-investment
  - Largest manufacturer in the US
  - New innovative merchandise
  - Wider customer base (more value price points)
- Majority stake purchased in Sherwood Bedding for house branded products
- Purple Bed agreement to drive omni-channel strategy

HOUSEHOLD GOODS

UNITED KINGDOM

Results	H1FY17	H1FY16	Growth	Constant currency
Revenue (€m)	**325**	401	(19%)	(6%)
Operating profit (€m)	**23**	26	(12%)	
Operating margin	**7.1%**	6.5%	60 bps	

- Challenging post-Brexit trading environment and store closures
- Pound sterling depreciated 14% against the euro
- Like-for-like sales decreased by 2%
- Margin growth due to:
    - Resilient bedding market
    - Optimisation strategy

HOUSEHOLD GOODS

AUSTRALASIA

Results	H1FY17	H1FY16	Growth	Constant currency
Revenue (€m)	**261**	159	64%	53%
Operating profit (€m)	**20**	9	>100%	
Operating margin	**7.7%**	5.7%	200 bps	

- Australian dollar appreciated 7% against the euro
- Fantastic Furniture contributed €92 million in revenue
  - Ahead of acquisition plan
  - Strong constant currency and like-for-like revenue growth
  - Solid margin performance
- Challenging trading conditions in the middle-market furniture brands
  - Negative like-for-like sales
  - Margin growth supported by solid performance in the bedding division

HOUSEHOLD GOODS

AFRICA

Results	H1FY17	H1FY16	Growth	Constant currency
Revenue (€m)	**522**	417	25%	10%
Adjusted operating profit (€m)	**10**	8	25%	
Adjusted operating margin	**1.9%**	1.9%	–	

- Appreciation of the rand by 14% against the euro
- Iliad acquisition included for only three months in comparative period
- Market share growth despite challenging economic environment
- Subdued like-for-like sales growth of 4%
- Unprofitable store closures completed – one-off costs of €5 million added back in adjusted operating profit and margin

HOUSEHOLD GOODS

STEINHOFF INTERNATIONAL HOLDINGS N.V.

Retail margin	Adjusted operating margin[1] H1FY17	H1FY16
Conforama	**6.0%**	5.4%
ERM	**10.8%**	11.2%
UK	**7.1%**	6.5%
Australasia	**7.7%**	5.7%
Africa	**1.9%**	1.9%
Total adjusted retail operating margin (excluding USA)	**7.1%**	6.8%
United States of America	**4.5%**	–
Total adjusted retail operating margin	**6.4%**	6.8%

[1] *Before capital items, adjusted for one-off costs being €48 million Mattress Firm rebranding costs, €20 million kika-Leiner refurbishment costs and €5 million Africa restructuring costs.*

- Total margin impacted by lower Mattress Firm margin
- Solid margin performance overall in other business units

HOUSEHOLD GOODS

INTEGRATED SUPPLY CHAIN

Results	H1FY17	H1FY16	Growth
Internal supply chain	**110**	96	15%
External supply chain	**92**	114	(19%)
Total contribution	**202**	210	(4%)

- Additional group volume
- Reduced external supply chain contribution due to increased intra-group trade
- US dollar appreciated by 3% against the euro
- The group’s largest-ever freight tender for 135 000 containers

HOUSEHOLD GOODS

STEINHOFF INTERNATIONAL HOLDINGS N.V.

PROPERTIES

	H1FY17	H1FY16	Growth
Operating profit (€m)	**116**	133	(13%)
Property value at cost (€m)	**3 997**	3 793	5%
Average property yield (annualised)	**6.0%**	7.4%	

- Additional depreciation charge as previously held investment properties became owner-occupied and the group assessed residual values and useful lives of its owner-occupied properties
    - Additional depreciation of €17 million not included in H1FY16
    - Reduces comparability of yield

OPERATIONAL OVERVIEW

GENERAL MERCHANDISE

GENERAL MERCHANDISE

STEINHOFF
INTERNATIONAL HOLDINGS N.V.

Results	H1FY17	H1FY16	Growth
Revenue (€m)	**3 181**	1 774	79%
Operating profit (€m)	**263**	166	58%
Operating margin (excluding Poundland)	**10.7%**	9.4%	130 bps

- Resilience of defensive business model drives strong growth
- Like-for-like revenue growth of 10%
- Margins continue to benefit from operating leverage
- Footprint of 6 100 stores covering 2.7 million m^2
- Europe and UK now comprise 44% of general merchandise revenue

GENERAL MERCHANDISE

STEINHOFF INTERNATIONAL HOLDINGS N.V.

AFRICA

Results	H1FY17	H1FY16	Growth	Constant currency
Revenue (€m)	**1 443**	1 157	25%	10%
Operating profit (€m)	**191**	150	27%	
Operating margin	**13.2%**	13.0%	20 bps	

- Like-for-like growth of 8% in South Africa
- Double-digit like-for-like growth in the rest of Africa
- 114 stores opened in addition to the acquisition of Tekkie Town (308 stores)
- Solid revenue and profit growth in Tekkie Town

GENERAL MERCHANDISE

STEINHOFF INTERNATIONAL HOLDINGS N.V.

EUROPE

Results	H1FY17	H1FY16	Growth	Constant currency
Revenue (€m)	**1 400**	310	>100%	>100%
Operating profit (€m)	**74**	17	>100%	
Operating margin (including Poundland)	**5.3%**	5.5%	(20 bps)	
Operating margin (excluding Poundland)	**11.0%**	5.5%	550 bps	

- Revenue growth of 58%, excluding Poundland acquisition
- Revenue constant currency growth of 60%, excluding Poundland acquisition
- Eastern Europe continues to grow like-for-like revenue at more than 20%
  - 116 new stores in five countries
- Poundland contributed €910 million in revenue – performing above expectation in terms of acquisition plan:
  - Positive like-for-like revenue growth
  - Multi-price point product range
  - Expansion of product ranges: Pep&Co store-in-store concepts rolled out
  - Optimisation of store network
  - Supply chain initiatives
  - Closure of 57 loss-making stores

GENERAL MERCHANDISE

STEINHOFF
INTERNATIONAL HOLDINGS N.V.

AUSTRALASIA

Results	H1FY17	H1FY16	Growth	Constant currency
Revenue (€m)	**338**	307	10%	3%
Operating profit (€m)	**(2)**	(1)	–	

- Positive like-for-like growth despite challenging market conditions
- Negative margin due to store closures as part of repositioning

OPERATIONAL OVERVIEW

AUTOMOTIVE

AUTOMOTIVE

Results	H1FY17	H1FY16	Growth	Constant currency
Revenue (€m)	**702**	591	19%	5%
Operating profit (€m)	**21**	21	–	
Operating margin	**3.0%**	3.6%	(60 bps)	

- Like-for-like sales growth of 3% despite continued decline in market
- Operating margin in line with longstanding historical performance, despite subdued economic environment

FINANCIAL REVIEW

FINANCIAL REVIEW

STEINHOFF INTERNATIONAL HOLDINGS N.V.

INCOME STATEMENT

	H1FY17 €m	H1FY16 €m	Change	FY16[1] €m
Revenue	**10 165**	6 889	48%	13 427
EBITDA	**1 110**	915	21%	1 768
Depreciation and amortisation	**(207)**	(118)	75%	(258)
Operating profit before capital items	**903**	797	13%	1 510
Capital items	**(18)**	2		(10)
Operating profit	**885**	799	11%	1 500
Net finance costs	**(129)**	(82)	57%	(161)
Equity accounted earnings	**60**	26	131%	75
Profit before taxation	**816**	743	10%	1 414
Taxation	**(105)**	(103)	2%	(192)
Profit from continuing operations	**711**	640	11%	1 222
Discontinued operations	**–**	7		6
Profit for the period	**711**	647	10%	1 228

[1] *12 months ended 30 September 2016*

FINANCIAL REVIEW

STEINHOFF
INTERNATIONAL HOLDINGS N.V.

CASH FLOW	H1FY17 €m	H1FY16 €m
Cash flow from operating activities before working capital	**1 186**	971
Working capital changes	**(274)**	(410)
Cash generated from operations	**912**	561
Finance charges, dividends, tax and other	**(899)**	(237)
Net cash inflow from operations	**13**	324
Net cash flow from investing activities	**(942)**	(595)
Replacement capex	**(259)**	(94)
Expansion capex	**(168)**	(181)
Acquisition of subsidiaries	**(395)**	(89)
Other investing activities	**(120)**	(231)
Net cash inflow/(outflow) from financing activities	**1 149**	(49)
Net increase/(decrease) in cash and cash equivalents	**220**	(320)
Effects of exchange rate translations on cash and cash equivalents	**33**	(76)
Cash and cash equivalents at beginning of period	**2 861**	3 237
Cash and cash equivalents at end of period	**3 114**	2 841

FINANCIAL REVIEW

STEINHOFF INTERNATIONAL HOLDINGS N.V.

NET DEBT	31 Mar 2017 €m	12 months 30 Sep 2016 €m
Non-current interest-bearing liabilities	**9 161**	7 142
Current interest-bearing liabilities	**124**	274
Bank overdrafts	**309**	646
Gross debt	**9 594**	8 062
Cash and cash equivalents	**(3 114)**	(2 861)
Net debt	**6 480**	5 201
Equity	**16 635**	15 967
Net debt : Equity	**39%**	33%
EBITDA	**1 110**	1 768
Net finance charges	**129**	161
EBITDA interest cover (times)	**8.6**	11.0
Unutilised borrowing facilities at end of period	**1 677**	3 002


QUESTIONS AND ANSWERS

THANK YOU

THE WORLD OF STEINHOFF
ADDING VALUE
to your
lifestyle