THE FOSCHINI GROUP LTD
Reg. No.: 1937/009504/06
Share code : TFG - TFGP
ISIN : ZAE000148466 – ZAE000148516
("TFG")

STATEMENT BY THE CEO AT THE ANNUAL GENERAL MEETING

At TFG's 80th Annual General Meeting held today, CEO Doug Murray updated the meeting as follows:

RESULTS FOR 2017

Against a backdrop of challenging trading circumstances and political and economic uncertainty across all the territories in which we trade, the Group produced a satisfactory result for the year. Our strategy to diversify our Group in terms of cash and credit turnover, trading in different commodity types and expanding in different geographies, has clearly supported this year's result on the back of several years of good turnover and earnings growth.

Retail turnover for the year was R23,5 billion, a growth of 11,6%, with comparable turnover growth of 5,7%. Cash turnover growth for the Group was 18,5%. Retail turnover growth in TFG Africa was 8,0%, with cash turnover growth of 14,1%. Credit turnover however continued to be impacted by the reduction in new account openings as a result of the Affordability Regulations and grew by only 2,3%.

Headline earnings grew by 10,1% for the year. Excluding the acquisition costs incurred in the prior year in relation to Whistles, headline earnings grew by 6,8%. Headline earnings per share, excluding the acquisition costs, increased to 1 099,2 cents per share from 1 055,8 cents per share, a growth of 4,1%.

A final cash dividend of 400,0 cents per share was declared, representing an increase of 3,9%. Accordingly, the total dividend for the year amounted to 720,0 cents per share, an increase of 4,2%.

PROSPECTS FOR THE 2018 FINANCIAL YEAR

I would now like to comment briefly on the group's prospects for 2018.

- The challenging trading circumstances and the political and economic uncertainty experienced during our 2017 financial year across most of the territories in which we trade, continued into the 2018 financial year.
- Despite the economic outlook, we believe that our continued commitment to our strategic objectives around Customer, Leadership, Profit and Growth, together with the continued diversification of our Group, will support our future success.

- We anticipate increasing trading space by approximately 5% in TFG Africa in the current year. In line with our focus on capital optimisation, we will however continue to deal aggressively with underperforming stores. In addition, we plan to open in excess of 110 TFG International outlets. Our investment in the UK and Australian markets strengthens our diversified portfolio of brands and provides a solid platform for further growth opportunities in these markets.
- Our e-commerce roll-out continues with @homelivingspace that launched during April 2017 and Exact launching during the second half of the year. This will bring our total number of brands trading online to 17.
- Total turnover growth for the first five months of this financial year is 6,2%, which we are extremely pleased with, coming on top of a very high base in the corresponding period of 17,2% turnover growth. Cash turnover growth was 6,0% and credit turnover growth was 6,4%. As expected, credit turnover growth was stronger with the negative impact of the Affordability Regulations now in our base.
- Turnover growth in TFG Africa for the five months is 5,1% with comparable turnover growth of 1,4%.
- Turnover growth in TFG International for the same period is 9,6%. Excluding the recently acquired G-Star Australia stores as well as the Retail Apparel Group, turnover growth is 5,2%.
- As announced on SENS on 14 July, all conditions precedent in respect of the RAG acquisition were fulfilled with an effective date of 24 July. Thus far RAG is trading above management’s expectation and integration into the Group is well advanced.
- Growth in our retail debtors’ book is in line with management’s expectation.
- We expect the current difficult trading conditions across most territories to continue. As always, however, the second half of the year is heavily dependent on Christmas trading, which will largely determine the performance of the group in the second half.

ACKNOWLEDGMENTS
Once more on behalf of my fellow board members and myself I thank all our dedicated staff for their hard work and continued excellent performance during the year.

Shareholders are advised that the financial information relating to the prospects for the 2018 financial year has not been audited, reviewed or reported on by the Group’s auditors.

Cape Town
6 September 2017

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