

THE FOSCHINI GROUP LIMITED  
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 81st Annual General Meeting held today, CEO Doug Murray and CEO Designate Anthony Thunström, updated the meeting as follows:

#### RESULTS FOR 2018

Notwithstanding challenging trading environments experienced in South Africa and the United Kingdom, the Group produced good results for the 2018 financial year with turnover growth of 21,4% and growth in headline earnings, excluding acquisition costs, of 9,6%. This earnings growth, together with the Group's ongoing focus on capital optimisation, resulted in a 44,8% growth in free cash flow for the year.

TFG Africa's turnover growth was 6,3%, with cash turnover growth of 7,3% and credit turnover growth of 5,3%. Turnover growth in TFG London was 23,5% (GBP). Excluding Hobbs, acquired in November 2017, TFG London turnover grew by 4,2% (GBP). The balance of the growth in the Group's turnover was contributed by TFG Australia, which was acquired during this financial year.

Headline earnings per share for the year, excluding the acquisition costs incurred with the RAG, G-Star RAW Australian franchise stores and Hobbs acquisitions, as well as the buy-out of the remaining minority shareholders in Phase Eight, increased by 3,4% to 1 136,5 cents per share, up from 1 099,2 cents per share in the previous year.

A final cash dividend of 420,0 cents per share was declared, an increase of 5,0% compared to the prior year. Accordingly, the total dividend for the year amounted to 745,0 cents per share, an increase of 3,5%.

#### ACKNOWLEDGEMENTS AND SUCCESSION

In concluding my last AGM as CEO, I would like to record my sincere appreciation and thanks to every member of staff with whom I have had the pleasure of interacting, during my 33 years with the Group and in particular the last 11 as CEO.

I would also like to thank our Chairman, Michael Lewis, for his invaluable input, wisdom and support over many years and my colleagues on the Supervisory Board for their guidance and direction.

To my colleagues on the Operating Board, a massive thank you. Together we have achieved much success over the past years, and I have no doubt this will continue under Anthony's leadership.

In addition, a heartfelt thank you to our executive and operating teams of TFG London, led by Ben Barnett, and TFG Australia, led by Gary Novis, who have played a pivotal role in the ongoing diversification and success of our Group.

Lastly, to our customers, shareholders and stakeholders, thank you for your continued support of our Group. I trust your loyalty will continue to be rewarded.

I am pleased to now hand over to Anthony Thunström, TFG's new CEO, who will provide a trading update for the 2019 financial year to date.

#### PROSPECTS FOR THE 2019 FINANCIAL YEAR

Trading conditions remain difficult and constrained in South Africa, the United Kingdom and in Australia however our performance in each of these markets remains very satisfactory relative to our respective peer groups. Group turnover for the first 20 weeks of this financial year increased by 32,0% compared to the corresponding prior period, in line with management's expectation.

As commented on in our March 2018 year-end results presentation, the shift of Easter and school holidays into March 2018 negatively impacted TFG Africa's April 2018 trade. This, combined with the introduction of the VAT increase on 1 April 2018, led to a challenging start to the 2019 financial year. Despite this, TFG Africa's turnover for the 20 weeks grew by 7,6% with comparable turnover growth of 4,0%. Cash turnover grew by 8,5% while credit turnover growth was 6,5%. The growth and all the key metrics in respect of the retail debtors' book are in line with management's expectation.

UK high street trading conditions remain challenging and as has been well publicised, a number of UK retailers including House of Fraser, have been placed under administration. Whilst this consolidation creates further opportunities for TFG London's brands, the House of Fraser situation has negatively impacted TFG London's trade through the House of Fraser website and their concessions. In addition, whilst not material to the Group, it appears likely that TFG London will incur some degree of bad debt write-off as a result of House of Fraser entering administration. On a more positive note, we understand that House of Fraser is likely to keep the majority of its department stores trading into the future.

Turnover for TFG London grew by 52% (GBP) for the first 20 weeks of this financial year. Including appropriate comparative numbers for Hobbs, turnover for TFG London is up 2,6%. The multi-brand strategy continues to deliver outperformance against the broader UK retail market, with International showing particularly strong growth in turnover and margin contribution.

After 20 weeks, turnover growth for TFG Australia is 15,0% compared to the same period last year.

The Group's strategy of diversification across cash and credit turnover, portfolio of brands, geographies and sales channels, as well as its commitment to its strategic objectives of Customer, Leadership, Profit and Growth, continues to underpin the Group's resilience and success. Digital transformation is increasingly viewed as a key strategic priority for the Group and both significant investment and progress in this area continue.

In terms of the Group's stated strategic focus areas for the year, the following progress has been made:

- An additional two brands, Donna and The Fix, launched their online selling during the past five months, increasing the Group's online offering to 22 of the 28 TFG brands.
- The establishment of TFG London's shared service platform remains a key pillar to support our brand development and acquisition strategy and progress continues to plan.
- The test launch of a TFG Africa brand in Australia remains on track with 6 outlets to be opened this financial year.

The outlook for trading conditions for TFG Africa and TFG London remains subdued, while we continue to be optimistic regarding the outlook for TFG Australia. The performance of the Group during the second half of this financial year remains largely dependent on Black Friday as well as Christmas trade, both of which performed exceptionally well in the prior year, creating a high base for this year's performance.

#### CHIEF FINANCIAL OFFICER

As was announced on SENS on 1 August 2018, the Board is pleased to welcome Bongiwe Ntuli to TFG as Chief Financial Officer and executive director of the Group with effect from 14 January 2019. We wish her well in her new position.

#### ACKNOWLEDGEMENTS BY THE CHAIRMAN, MICHAEL LEWIS

I would like to thank all our dedicated staff for their hard work and continued excellent performance during the year.

On behalf of the Board, I would also like to thank Doug Murray for the significant contribution made by him during his 33 years' service, 11 of which were as CEO.

During his tenure, TFG grew:

- turnover from R7,2 billion in 2007 to R28,6 billion in 2018 - a compound annual growth rate of 13,4%;
- outlets from 1 332 in four countries to 4 034 in 32 countries; and
- brands from 14 in 2007 to 28 in 2018.

This growth in the Group led to a share price increase for TFG from R52,00 in September 2007 to R223,75 on 29 March 2018, with the Group's market capitalisation at end March 2018 being R52,9 billion. From a societal impact perspective, the number of people directly employed grew from 15000 to nearly 28000 and capital expenditure grew from R304 million to R897 million.

This success was achieved through hard work, innovation and collaboration from Doug and his leadership team, both in terms of strategy and execution. Doug's contribution to TFG is not only measured in numbers but is also evident in his contribution to the Group's culture and people development - both key strengths of and differentiators for TFG.

Given his wealth of knowledge and experience, the Board has appointed Doug as a consultant to the end of September 2019 and as a non-executive director from 1 October 2019 and we look forward to his continued involvement with the Group.

It is with great pleasure that I congratulate our new CEO, Anthony Thunström. Anthony possesses all the qualities to lead TFG into the next phase of development. He understands and embraces the Group's culture and he enjoys the confidence of the Supervisory Board, his executive colleagues and the entire organisation.

I am also delighted at the appointment of Bongwiwe Ntuli, effective 14 January 2019, as the Group's new CFO and we all look forward to working with her.

As mentioned in the 2018 Integrated Annual Report, I acknowledge the passing of Clive Hirschsohn, a former Group Managing Director who joined the Group when his family's business, American Swiss, was acquired by Foschini Limited in 1967. The Board and all who knew him express their condolences to his family.

Shareholders are advised that this trading update has not been reviewed or reported on by the Company's external auditors.

Cape Town  
3 September 2018

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