

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 82nd Annual General Meeting held today, CEO Anthony Thunström, updated the meeting as follows:

#### RESULTS FOR 2019

The Group continued to create value for our stakeholders during the 2019 financial year with turnover growth of 19,6%, gross margin at 53,6%, up from 52,5% at March 2018, and growth in headline earnings of 12%. Free cash flow was at 86,8% of net profit and Group gearing reduced to 56,6%, down from 62% at the previous year-end.

A final dividend of 450,0 cents per share was declared for the year, bringing the total dividend for the year to 780,0 cents per share, an increase of 4,7%.

We are proud of achieving a level 6 B-BBEE rating for the past financial year.

#### TRADING UPDATE FOR THE FIRST 21 WEEKS OF THE 2020 FINANCIAL YEAR

As indicated in our 2019 Integrated Annual Report, we expected subdued trading conditions to continue across each of the major territories that we operate in.

In South Africa, the constrained economic environment persists with continued fuel price increases, higher taxes and increasing unemployment all contributing to reduced consumer spending.

The United Kingdom retail environment also remains subdued, with continued footfall decline in shopping centres and on the high street, continuing online migration and ongoing Brexit uncertainty.

Trading conditions in Australia remain satisfactory.

Against this backdrop, Group turnover grew 8,1% for the first 21 weeks of the 2020 financial year compared to the same period in the previous financial year. Cash turnover for TFG Africa grew by 14,1%, which reflects significant market share growth, with growth in credit turnover of 0,9%, reflecting the Group's prudent approach to credit extension, particularly in the current environment and even more so now that the National Credit Amendment Bill was signed into law on 13 August 2019.

This approach does however entail an opportunity cost both in terms of additional turnover growth that has been forgone as well as potential credit income that is not being generated.

The turnover growth in each of our business segments was as follows:

Business segment	Currency	Total turnover growth	Comparable turnover growth	Contribution to Group turnover
TFG Africa	ZAR	8,1%	6,8%	62,2%
TFG London	Pound	0,1%	N/A*	22,1%
TFG Australia	Australian dollar	10,2%	5,3%	15,7%

\* Approximately 76% of TFG London's outlets are concessions. As concessions by nature change floor space on a continuous basis, a comparable turnover number is not calculated.

Turnover growth for TFG Australia, excluding the G-Star franchise stores disposed of in December 2018, was 15,0%. Excluding concession turnover from House of Fraser, an independently owned UK department store placed under administration in August 2018, TFG London's turnover grew by 4,6%.

Group online turnover, now contributing 9,3% to total turnover, grew by 9,9% with growth in the three business segments as follows:

Business segment	Currency	Online turnover growth	Online turnover contribution to business segment turnover
TFG Africa	ZAR	58,5%	1,6%
TFG London	Pound	-1,5%	33,6%
TFG Australia	Australian dollar	35,6%	5,6%

Excluding online turnover from House of Fraser, TFG London's online turnover grew by 6,8%.

Within TFG Africa, positive total turnover growth was achieved across all merchandise categories with growths in the respective categories being:

Merchandise category	Total turnover growth	Comparable turnover growth	Contribution to TFG Africa turnover
----------------------	-----------------------	----------------------------	-------------------------------------

Clothing	8,7%	7,2%	72,5%
Homeware	7,7%	5,1%	7,3%
Cosmetics	0,1%	-0,2%	4,8%
Jewellery	4,7%	4,5%	6,4%
Cellphones	10,4%	10,6%	9,0%

The ongoing focus on supply chain, continued to yield positive outcomes, with product price deflation in TFG Africa averaging approximately -2,4%.

The Group's ongoing commitment to its strategic objectives of Customer and Employee Obsession, Leadership, Profit and Growth together with its strategy of diversification across cash and credit turnover, portfolio of brands, geographies and sales channels, continues to underpin the Group's resilience and success.

The execution of these strategies is supported by the business optimisation project that commenced at the start of the year at the TFG South African Head Office, with the aim of ensuring that the Group's investment in shared services, IT platforms and applications, over the past few years, yields the required efficiencies and cost reduction in the future. Similarly, several significant retail-focused, digital transformation projects have commenced and are well progressed to ensure that the Group remains at the forefront of a rapidly changing retail landscape.

The outlook for trading conditions across all three of the Group's business segments remains subdued and challenging, particularly over the most recent period as regards South Africa. We are however confident that the Group's commitment to the successful execution of its strategy, underpinned by a relentless focus on digital transformation and our commitment to making decisions that align with the TFG culture, will continue to produce good results for the Group over time.

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

#### PRO FORMA INFORMATION

Pro forma management account information for TFG Australia and TFG London were used in this announcement for illustrative purposes only to provide an indicative turnover growth for these business segments.

In TFG Australia, turnover for the period 1 April to 24 August 2018 relating to the G-Star franchise stores were removed as if the disposal of these stores took place effective 31 March 2018.

In TFG London, all turnover transacted through House of Fraser were removed to illustrate the impact of House of Fraser going into administration during August 2018.

This pro forma information, because of its nature, may not be a fair reflection of the Group's results of operations, financial position, changes in equity or cash flows. There are no events subsequent to the reporting date which require adjustment to the pro forma information.

The pro forma management account turnover numbers used were:

	Year ended March 2019 £m	Year ending March 2020 £m	% change
TFG London turnover for the period 1 April to 24 August	163,9	164,0	0,1%
Turnover through House of Fraser (1 April to 24 August) #	15,6	8,9	-42,9%
Comparable TFG London turnover	148,3	155,1	4,6%

	Year ended March 2019 £m	Year ending March 2020 £m	% change
TFG London online turnover for the period 1 April to 24 August	55,9	55,1	-1,5%^
Online turnover through House of Fraser (1 April to 24 August) #	5,1	0,9	-83,3%^
Comparable TFG London online turnover	50,8	54,2	6,8%^

^ Difference due to rounding.

	Year ended March 2019 A\$m	Year ending March 2020 A\$m	% change
TFG Australia for the period 1 April to 24 August	192,3	211,9	10,2%
G-Star RAW franchise stores (1 April 2017 to 24 August 2017) #	8,0		
Comparable TFG Australia	184,3	211,9	15,0%

# The adjustment is based on management accounts. The Group is satisfied with the quality of these management accounts which are unaudited.

The directors are responsible for compiling the pro forma financial information in accordance with the JSE Limited Listings Requirements and in compliance with the SAICA Guide on Pro Forma Financial Information. The underlying information used in the preparation of the pro forma financial information has been prepared using the accounting policies in place for the year ending 31 March 2020.

Cape Town  
3 September 2019

Sponsor:  
UBS South Africa Proprietary Limited