

APPENDIX 1: DEFINITIONS

Concession arrangement	In addition to their own stand-alone stores, TFG International has concession arrangements with key department store partners from whom they occupy an agreed floor space area (referred to as “mat”) dedicated to their product
COSO	Committee of Sponsoring Organisations
Current ratio	Current assets divided by current liabilities
Debt to equity ratio	Net borrowings expressed as a percentage of total equity
Dividend cover	Basic earnings per share divided by dividend declared
Doubtful debt provision as a % of debtors’ book	Provision for doubtful debts expressed as a percentage of gross receivables
EBITDA	Earnings before finance costs, tax, depreciation and amortisation
EBITDA finance charge cover	EBITDA divided by finance costs
Finance charge cover	Operating profit before finance charges divided by finance costs
Free cash flow	Earnings before interest and tax plus depreciation and amortisation net of changes in net working capital and capital expenditure
Gross square metre	The total leased store area including stock rooms
Headline earnings	Net income attributable to ordinary shareholders adjusted for the effect, after tax, of exceptional items
Headline earnings – adjusted	Headline earnings adjusted for the impact of acquisition costs incurred
Headline earnings per ordinary share	Headline earnings divided by the weighted average number of shares in issue for the year
LSM	Refers to the SAARF Universal Living Standards Measure, which is a unique means of segmenting the South African market by dividing the population into 10 LSM groups, 1 (lowest) to 10 (highest) - refer to the table on the next page
Market capitalisation	The market price per share at year end multiplied by the number of ordinary shares in issue at year end
Net bad debt as a % of debtors’ book	VAT-exclusive bad debts, net of recoveries and including provision movement as percentage of gross receivables
Net bad debt write-off	VAT-inclusive bad debts, net of recoveries and excluding movement in provision
Net bad debt write-off as a % of credit transactions	Net bad debt write-off expressed as a percentage of credit transactions
Net bad debt write-off as a % of debtors’ book	Net bad debt write-off expressed as a percentage of gross receivables
Net borrowings	Interest-bearing debt and non-controlling interest loans reduced by preference share investment (where relevant) and cash
Non-recourse debt	Debt where lenders cannot seek compensation from TFG parent companies, their sponsors or guarantors, and is typically debt raised by our international companies
Omnichannel	Describes multi-channel retailing (e-commerce, online sales, mobile app sales)
Operating margin	Operating profit before finance charges expressed as a percentage of retail turnover
Operating profit	Profit earned from normal business operations
Overdue values as a % to debtors’ book	Overdue portion of debtors at statement month end as a percentage of gross receivables
Outlets	TFG International trades through a combination of stand-alone stores and concession arrangements resulting in their presence being referred to as outlets rather than the traditional stores

Recourse debt	Amounts owed by TFG companies in Africa (excluding our international subsidiaries) where the lenders have the ability to claim for damages from the borrower's parent, sponsor or guarantor
Recourse debt to equity ratio	Recourse debt reduced by preference share investment (where relevant) and cash, expressed as a percentage of total equity
Return on capital employed (ROCE)	Earnings before interest and tax (EBIT)/average capital employed
Same store	Stores that traded out of the same trading area for the full current and previous financial years
Tangible net asset value per ordinary share	Total net asset value, after non-controlling interest, excluding goodwill and intangible assets, divided by the net number of ordinary shares in issue at year end
Trading expenses	Costs incurred in the normal course of business, including among others, depreciation, amortisation, employee costs, occupancy costs, net bad debt and other operating costs

SOUTH AFRICAN ADULT (15+): POPULATION SPLIT BY LSM: AVERAGE MONTHLY HOUSEHOLD INCOME

Source: AMPS Individual Databases (2014B, 2015B)*

Notes:

All adults aged 15+

Average income is calculated using the midpoint of the income bands provided by AMPS. Maximum category in 2014B and 2015B is R60 000+, and the value R60 000 was used in this instance.

LSM refers to SAARF Universal Living Standards Measure

All Rand values are nominal (inflation is not taken into account)

LSM	Population 2015B	Population 2010	Population 2011	Population 2012	Population 2013	Population 2014	Population 2015B	Average monthly household income 2015B	Average monthly household income 2014B
LSM 1	423 803	2,4	1,9	1,6	1,4	1,6	1,1	R2 225	R2 168
LSM 2	1 033 699	5,7	5,1	4,1	3,6	3,3	2,7	R3 353	R2 886
LSM 3	2 196 284	7,0	6,1	6,2	5,7	5,2	5,7	R3 358	R3 307
LSM 4	4 908 513	14,0	12,2	13,0	11,6	12,3	12,8	R4 157	R4 068
LSM 5	6 408 562	16,6	17,4	17,1	16,4	15,9	16,8	R5 636	R5 016
LSM 6	8 707 403	20,3	22,4	22,6	23,7	23,6	22,8	R7 869	R7 387
LSM 7	5 193 862	10,6	11,4	11,4	12,3	13,0	13,6	R13 285	R12 923
LSM 8	3 300 143	8,3	8,4	8,6	8,8	8,8	8,6	R19 397	R17 224
LSM 9	3 705 911	8,9	8,9	9,4	10,0	10,0	9,7	R26 337	R24 292
LSM 10	2 380 729	6,2	6,2	6,0	6,5	6,3	6,2	R38 970	R36 838
Total	38 258 909	100,0	100,0	100,0	100,0	100,0	100,0	R12 459	R11 276

* This survey was the last survey published by AMPS. Currently, a replacement survey is being investigated by SAARF.