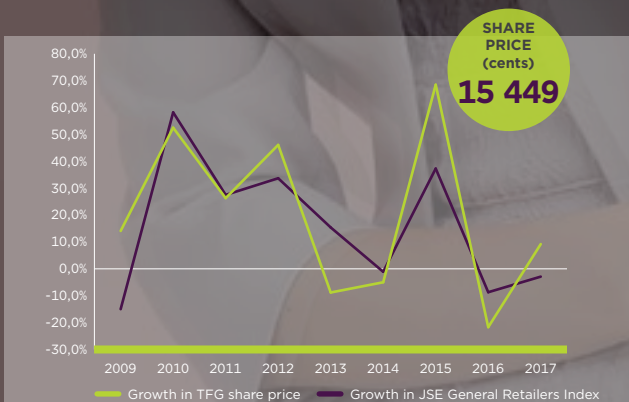
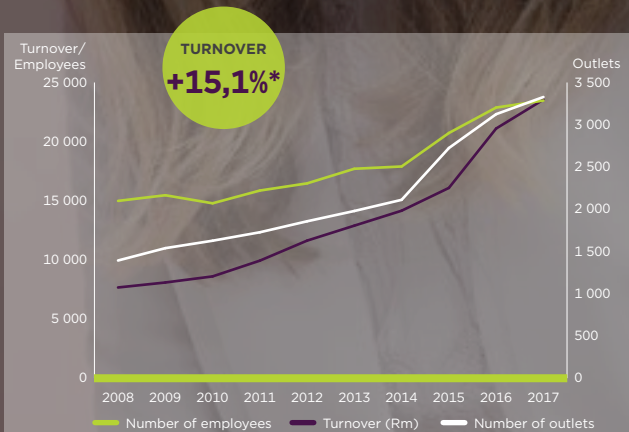
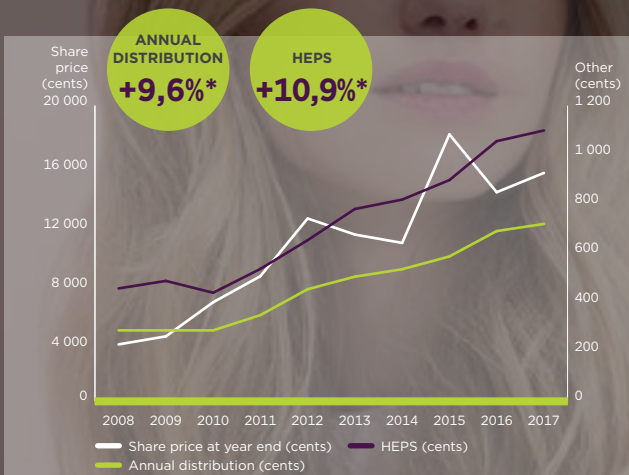


# INVESTMENT CASE



\* Numbers relate to a five-year compound annual growth rate.

**WE CONTINUE TO CREATE SHARED VALUE AND DELIVER PERSISTENT GROWTH AND EARNINGS DESPITE MARKET CHALLENGES.**

# OUR VISION IS TO BE THE LEADING FASHION LIFESTYLE RETAILER IN AFRICA WHILST GROWING OUR INTERNATIONAL FOOTPRINT.

Our mission is to achieve our vision by providing innovative products and creative customer experiences, and by leveraging our portfolio of diverse brands to differentiate our offering. Our talented and engaged people will always be guided by our values, social conscience and customer-centric mindset.

At the core of TFG is its customers: We are committed to successful growth by delivering superior service to our customers to whom we offer unrivalled choice, quality and value throughout our portfolio of leading desirable brands.

Our brand essence is OPPORTUNITY. We create opportunities that allow our employees to grow and succeed in an environment of support, collaboration and respect.

Ultimately, through superior service and product offering to our customers, as provided by our engaged, talented employees, we are committed to deliver consistent shared value to our stakeholders. Shared economic value is delivered, in particular to our shareholders, through continuous growth in total shareholder return. Shared societal value is delivered to all our stakeholders through investment in our sustainability efforts (driven by our sustainability strategy) and our corporate social investment (CSI) projects.

Structured according to our strategic pillars of Customer, Leadership, Profit and Growth, our investment proposition is as follows:



## CUSTOMER

- Through our 22 fashion-forward brands trading out of 3 328 outlets in 34 countries globally, we offer our customers clothing (men, ladies and kids), jewellery, cellphones, accessories, cosmetics, sporting and outdoor apparel, and homeware and furniture
- Ten of our brands are available to our customers online at [www.tfg.co.za](http://www.tfg.co.za) (TFG Africa), as well as at [www.phase-eight.com](http://www.phase-eight.com), [www.whistles.com](http://www.whistles.com) and selected other partner sites (TFG International)
- A successful loyalty programme Rewards & More for TFG Africa customers with over 10,3 million cash and credit customers across Africa
- A customer base spanning various markets from value to upper market (South African LSM 5 – 10 group)
- Cash to credit turnover ratio of 61:39 (TFG Africa: 51:49)
- Credit currently offered to our customers in South Africa as well as in Namibia, Botswana, Lesotho and Swaziland
- Full in-house credit management capability for our TFG Africa customers supported by a 1 500-seat call centre



## LEADERSHIP

- Commitment to our values of PRIDE<sup>2</sup>: **P**assionate about service, **R**esilience, **I**ntegrity, **D**ignity and **R**espect, **E**mpowerment and **E**xcellent Performance
- Experienced executive management team (average of 21 years' service)
- Unique growing multi-brand Group structure creates career opportunities for key talent and ensures optimised succession planning
- Ongoing structured talent development and strong performance management culture
- We believe that the youth is the future leaders and it is our collective responsibility to train and develop them into leaders who will positively impact our future
- Our CSI mission is to "Educate to Empower (E2E)" across educational levels – from early childhood development to post-school education



## PROFIT

- Market-leading in-house capabilities for store design and upgrades, fashion design and manufacturing
- Well-developed fabric and pattern optimisation systems
- Our quick response capabilities provide the ability to repeat "winners" in-season and the quick interpretation of in-demand trends and fashion
- The Group has a natural currency hedge through TFG International's growing contribution
- Protecting our income streams through the diversification of our footprint across numerous economies
- Continuously seeking to optimise cost-efficiencies
- Five-year headline earnings per share from continuing operations' compound growth rate of 10,9% (excluding acquisition costs)

# KEY PERFORMANCE INDICATORS AND SALIENT FEATURES

## GROWTH

- Five-year compound turnover growth rate of 15,1%
- Five-year compound growth in distributions to shareholders of 9,6%
- Compound space growth in TFG Africa of 5,8% over five years
- Our TFG eMall offers a mall-like experience to our customers with our site's unique cross-shopping functionality (*TFG eMall refers to the brands selling online via [www.tfg.co.za](http://www.tfg.co.za), currently servicing deliveries in South Africa only*)
- A further three brands launched their online selling during the year, bringing the Group's total number of brands available online to 10
- Continued strategic international expansion creates value for our shareholders through geographic diversification, the leveraging of our existing retail experience and additional revenue and profits

Further information regarding our profile and business model, operating context, material risks and opportunities, strategy, targets and performance is provided in this report (refer to the contents page).

### +11,6%

#### GROUP TURNOVER

Group turnover up 11,6% (constant currency +14,3%) to R23,5 billion (TFG Africa: +8,0%)

### +6,8%

#### HEADLINE EARNINGS

Headline earnings excluding acquisition costs up 6,8%

### +4,1%

#### HEADLINE EARNINGS PER SHARE

Headline earnings per share excluding acquisition costs up 4,1% (constant currency +5,7%) to 1 099,2 cents

### +4,2%

#### TOTAL DIVIDEND

Final dividend of 400,0 cents per share, total dividend of 720,0 cents per share – a 4,2% increase

### 60,7%

#### CASH COMPONENT

Total cash component of turnover at 60,7% (TFG Africa: 51,1%)

### +18,5%

#### CASH TURNOVER

Strong cash turnover growth of 18,5% (TFG Africa: 14,1%)

### -5,4%

#### NET BAD DEBT

Net bad debt reduces by 5,4% (TFG Africa)

### R1,3bn

#### FREE CASH FLOW

Free cash flow doubles to R1,3 billion

### 3 328

#### OUTLETS

3 328 outlets in 34 countries

### 93,2%

#### EMPLOYMENT EQUITY

93,2% employment equity (TFG South Africa)