



**STEINHOFF**  
INTERNATIONAL HOLDINGS N.V.



# Adding value to lifestyle.



**UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015 (H1FY16)**



**OVERVIEW**

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**INTERIM MANAGEMENT REPORT**

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# **STEINHOFF**

## **is a diversified international value and discount retailer**

that adds value to its customers' lives by providing essential products and services at affordable price points. The group's retail concepts offer convenience, and product ranges that include furniture, appliances, general household goods and decoration items, clothing and footwear, personal accessories and cellular products and services.



**STEINHOFF**  
INTERNATIONAL HOLDINGS N.V.



**€85.50**



**€399.00**



**14.99 zł**



**R8 999.00**



**£399.99**



**€41.00**



**R195.99**



**€1.00**



**£179.99**



**A\$199.00**





**€16.50**

# STEINHOFF

## should generate annual sales in excess of €13 billion

and aims to achieve strong market positions through a combination of organic growth, acquisition of complementary businesses, and achievement of high levels of operating efficiency through an integrated supply chain – thereby protecting the group's ability to provide value and discount price points to customers.

	RETAIL OUTLETS	6 913
	RETAIL SPACE (m <sup>2</sup> )	6.3m
	EMPLOYEES	105 000



# STEINHOFF

INTERNATIONAL HOLDINGS N.V.



## HOUSEHOLD GOODS

Furniture and homeware retail businesses

Product categories include: furniture, household goods, appliances, home accessories, consumer electronics and technology goods, building materials and DIY products and accessories

Operating profit

**73%**

Retail outlets



**2 362**

Retail space (m<sup>2</sup>)



**± 3.8m**

Employees



**± 61k**



## GENERAL MERCHANDISE

Clothing and footwear, accessories and homeware

Product categories include: clothing, footwear, household goods, personal accessories, cellular products and selected financial services

Operating profit

**25%**

Retail outlets



**4 416**

Retail space (m<sup>2</sup>)



**± 2.1m**

Employees



**± 39k**



## AUTOMOTIVE

Dealerships and rental outlets in southern Africa provide vehicles, parts, insurance, accessories, servicing and car rental

Operating profit

**2%**

Dealerships



**88**

Rental outlets



**47**

Employees



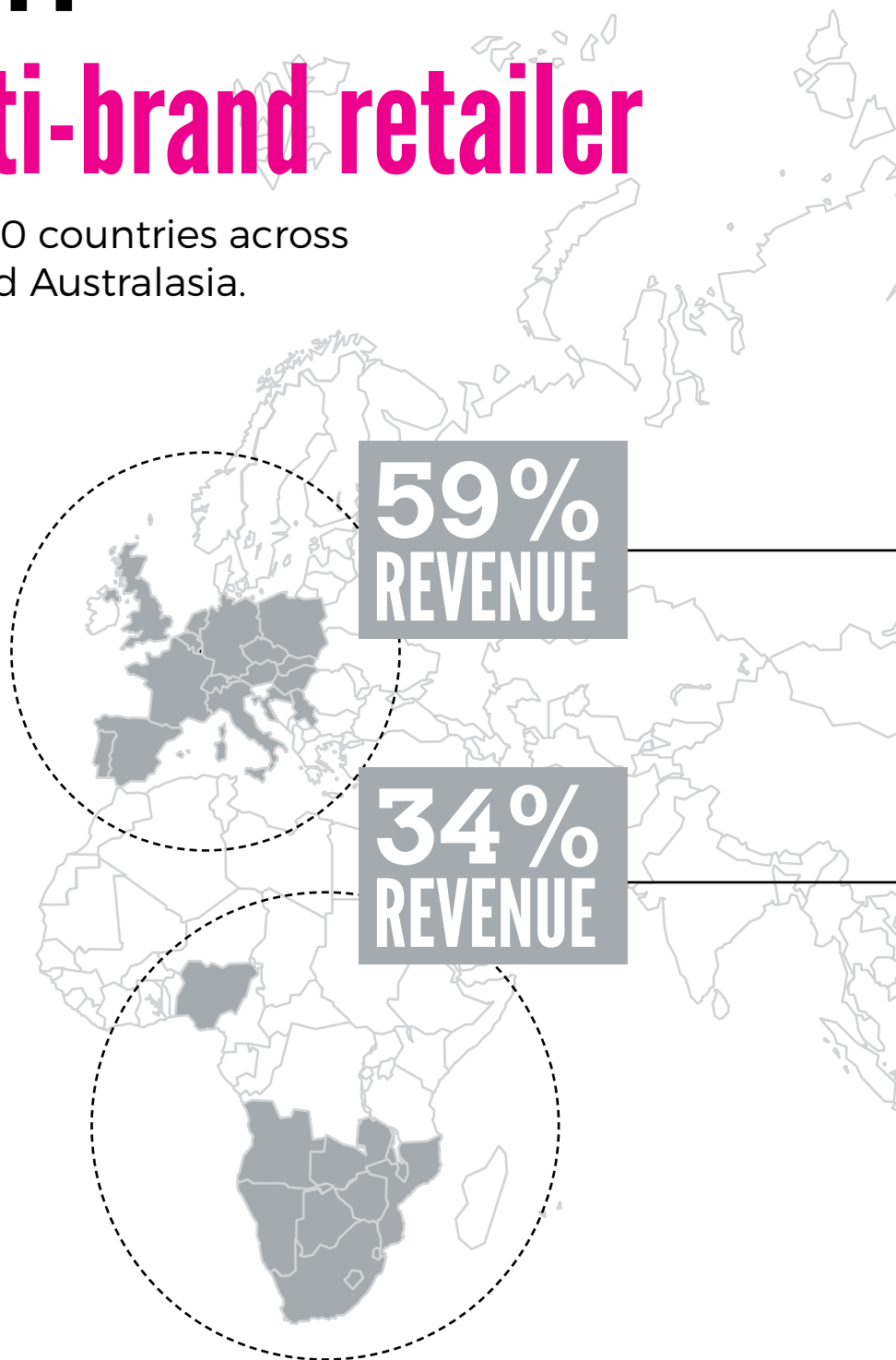
**± 5k**

Retail space (m<sup>2</sup>): ± 0.4m

# STEINHOFF

## is a multi-brand retailer

that operates in 30 countries across Europe, Africa and Australasia.







# STEINHOFF

INTERNATIONAL HOLDINGS N.V.

**Conforama**



**HARVEYS**



**PEP & CO**



**ACKERMANS**



**freedom**

**Best&Less**



**7%  
REVENUE**

The group's full brand complement includes: Abra, Ackermans, Barnetts/Price'n Pride, Bensons for Beds, Best&Less, Bradlows/Morkels, Conforama, Confo Dépôt, Dunns, Emmezeta, Flash, Freedom, Hardware Warehouse, Harris Scarfe, Harveys, Hertz, HiFi Corp, Incredible Connection, John Craig, Joshua Doore/Russels, kika, Leiner, Lipo, MacDan, Mozi, Poco, Pennypinchers, The Tile House, Pep, PEPCO, Pep&Co, Postie, Powersales, Shoe City, Sleepmasters, Snooze, Store & Order, Supreme, Timbercity and Unitrans.

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INTERNATIONAL HOLDINGS N.V.

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For more information on the group, please visit:

**[www.steinhoffinternational.com](http://www.steinhoffinternational.com)**

# RESULTS for the six months ended 31 December 2015 (H1FY16)

HOUSEHOLD GOODS	GENERAL MERCHANDISE	AUTOMOTIVE
REVENUE	REVENUE	REVENUE
€4 206m	€1 845m	€649m
OPERATING PROFIT	OPERATING PROFIT	OPERATING PROFIT
€587m	€197m	€18m

Steinhoff is Europe's second largest integrated household goods retailer by turnover\*, operating in Europe, Africa and Australasia through 2 362 stores representing more than 3.8 million m<sup>2</sup> of retail space. The household goods retail operations are supported by an established supply chain, comprising internal manufacturing, sourcing and logistics operations.

With the majority of the household goods retail businesses holding leading market positions with extensive retail footprints, the short to medium term growth strategy is focused on increasing market share in key geographies, and margin expansion throughout the retail business via increased supply chain efficiencies.

This segment, with the acquisition of Pepkor in April 2015, operates through 4 416 predominantly small convenience store formats, comprising more than 2.1 million m<sup>2</sup> of retail space in Europe, Australasia and Africa. The short to medium term growth strategy of this segment is focused on continued market share growth through robust market penetration in Africa and Europe. In contrast, the Australian operations are focused on margin expansion.

The automotive retail division represents a number of international automotive brands and provides products and services to customers from its network of dealerships and car rental outlets located throughout southern Africa. This retail division is disclosed separately given the unique characteristics of this business compared to the other retail segments.

\* Möbelmarkt

# The six months under review have been very exciting for the Steinhoff group

RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015 from continuing operations (H1FY16)

<b>€6.7bn</b> REVENUE	<b>€802m</b> OPERATING PROFIT <sup>1</sup>	<b>16.1c</b> DILUTED EARNINGS PER SHARE
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CONTINUING OPERATIONS	H1FY16	H1FY15	Growth	FY15
Revenue (€m)	6 700	4 562	47%	9 818
Operating profit <sup>1</sup> (€m)	802	480	67%	1 115
Operating margin	12.0%	10.5%	150 bps	11.4%
Profit for the period <sup>2</sup> (€m)	637	337	89%	959
Diluted weighted average number of shares in issue (m)	4 083	3 006	36%	3 269
Diluted earnings per share (c)	16.1	15.9	1%	35.9
Net asset value per share <sup>2</sup> (c)	320	285	12%	353

<sup>1</sup> Before capital items

<sup>2</sup> Including discontinued operations



"On 7 December 2015, Steinhoff International Holdings N.V. commenced trading on the Frankfurt Stock Exchange.

With a proven track record, accompanied by an enhanced ability to access global capital markets, listing on the Frankfurt Stock Exchange accurately reflects the geographic location of the majority of Steinhoff's revenues, customers and store locations."

**MARKUS JOOSTE, CEO**

## A FEW TRANSACTIONS WORTH HIGHLIGHTING

The acquisition of the multi-national retailer Pepkor, being Steinhoff's largest corporate transaction to date, enlarged the group's exposure to the discount retail segment and further diversified its product range within this growing market segment.

The acquisition became effective 1 April 2015, and consequently six months of results are included in this set of results.

On 7 December 2015 the kika-Leiner retail business became part of Steinhoff. With annual revenue of approximately €1 billion, the kika-Leiner group of companies is a leading furniture retailer operating through the kika and Leiner brands in Austria, Hungary, Czech Republic, Slovakia and Romania.

## Letter from the CEO

Steinhoff is a value and discount retailer focused on providing its value-conscious customer base with household goods, general merchandise and related products at affordable price points. With its origins firmly established in low cost supply chains since 1964, the group's integrated supply chain remains a core strategic component in its ability to differentiate on price.

### Dear shareholder,

This is the first set of results reported in accordance with the requirements of the Frankfurt Stock Exchange, Dutch and German law and denominated in euro. Steinhoff International Holdings N.V. listed on the prime standard of the Frankfurt Stock Exchange on 7 December 2015. Steinhoff has been listed on the Johannesburg Stock Exchange in South Africa since 1998 and retains its secondary listing in Johannesburg.

The majority of Steinhoff's revenue and profits are generated in Europe, where most of its operations and assets are located. The listing in Frankfurt enhances the group's ability to access global capital markets, thereby further supporting the expansion of its European operations and other growth opportunities available in the international markets.

#### H1FY16 GEOGRAPHIC CONTEXT

##### REVENUE

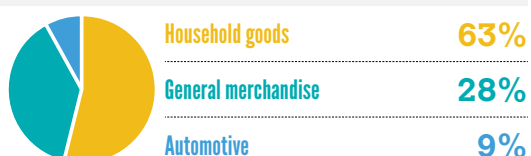


##### OPERATING PROFIT

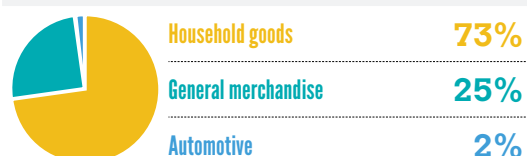


#### H1FY16 SEGMENTAL CONTEXT

##### REVENUE



##### OPERATING PROFIT



€m	REVENUE		OPERATING PROFIT	
	H1FY16	H1FY15	H1FY16	H1FY15
Household goods	4 206	3 910	587	461
General merchandise	1 845	–	197	–
Automotive	649	652	18	19
Total per income statement	6 700	4 562	802	480

## Results for the six months ended 31 December 2015

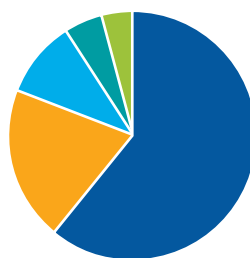
Management is pleased to report the group's interim results that delivered revenue growth of 47%, translating into market share gains in most countries where the group operates. Steinhoff's business is predominantly positioned in the growing discount market segment. This market segment continues to grow faster than the total market, particularly in Europe and Africa, supporting the group's growth in these territories. Encouragingly, gross margin increased to 36.6% (H1FY15: 35.6%), demonstrating the group's ability to plan, manage and hedge input costs in a particularly volatile currency environment during the period under review.

Operating profit before capital items increased by 67% to €802 million. Excluding the performance of the acquired Pepkor group, operating margin for the comparable business increased for the third consecutive year.

Notwithstanding the 6% devaluation of the South African rand against the euro, the acquired Pepkor group performed above expectation and contributed €197 million to the operating profit of the group.

The 36% increase in the diluted weighted average number of shares in issue was predominantly as a result of the Pepkor acquisition. Diluted earnings per share from continuing operations of 16.1 cents per share, increased by 1% compared to the previous period. The sale of the financial services division of the household goods business in South Africa is nearing completion, with management awaiting regulatory approval, and is disclosed as a discontinued operation.

### DIVERSIFIED FUNDING 31 DECEMBER 2015



Banks and financial institutions	61%
Convertible bonds	20%
Loan notes	10%
Debt and capital markets	5%
Redeemable preference shares	4%

Net debt amounted to €2 188 million at 31 December 2015, reflecting an increase of €262 million since June 2015. This increase is after the effects of the share repurchases amounting to €758 million during October 2015 and the dividend payment in November 2015. In addition, the historic cyclicity and working capital movement of the business, particularly the household goods retail segment, should be taken into account, given that December (and in particular, Christmas and Boxing Day trade) is an important trading period for the group.

The group is particularly pleased with its cash flow performance for the six months under review. Supported by the strong cash generative model of the general merchandise retail division, €791 million of cash was generated from operations (after funding its working capital). This performance is also attributed to good working capital management, particularly in the household goods retail segment that traditionally consumed working capital during this period. Apart from the company's own share repurchases during the period, the group continued making further investments into its integrated supply chain and property investments.

The underlying tax rate increased as a result of the higher tax rate applicable in the general merchandise business. The group remains confident that the annual tax rate can be sustained at approximately 15% for the short to medium term.

**MARKUS JOOSTE**  
Chief executive officer



## FROM JULY TO DECEMBER



### 1 July 2015

**PEP&CO opened its first store** on 1 July in Kettering, Northamptonshire. PEP&CO offers families and busy moms in the UK the opportunity to spend less on their clothing. From Bolton to Boscombe, Newbury to Newport, Glenrothes to Gloucester, PEP&CO firmly believes in keeping things simple and fuss-free, and in keeping costs low.



### 28 August 2015

**50 years after the first store opened in De Aar, South Africa**, Pep now has a reach in **11 African countries**. Pep's philosophy has always been to enrich the lives of its customers. Its focus is on enabling South African and African families with limited budgets to live and dress with pride.

### 8 September 2015

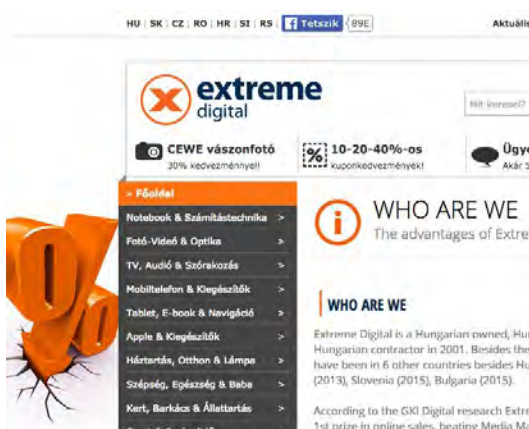
Steinhoff announced its annual results for the 12 months ended 30 June 2015, reporting a strong increase in operating profit for the year **by 25% to €1.1 billion**. Revenue from continuing operations for the 2015 financial year increased by 18% to €9.8 billion (2014: €8.3 bn).



## October 2015



Steinhoff's new distribution centre in **Derendingen** opened one year after breaking ground and construction commenced. The **40 000m<sup>2</sup> warehouse** was completed ahead of schedule and well within budget. The distribution centre will service Steinhoff's central European retail brands in Switzerland.



## November 2015

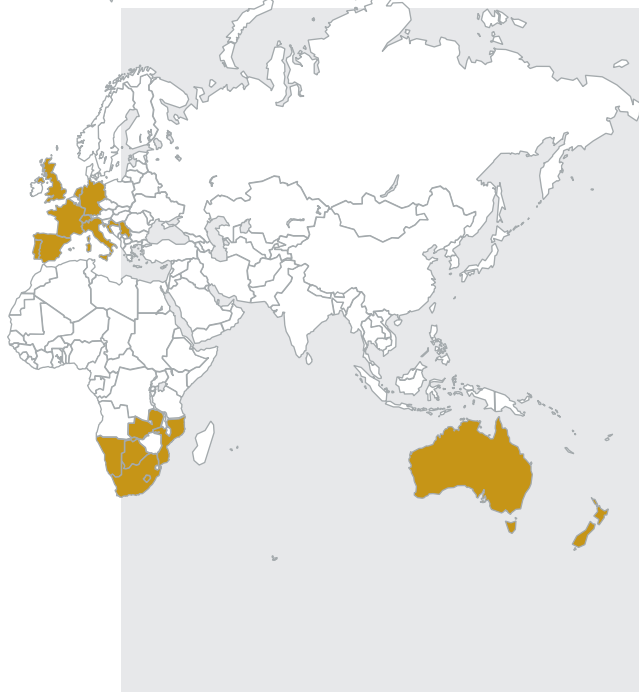
Steinhoff invested in **Extreme Digital** – **Hungary's largest online store**. Extreme Digital was rated as number one for the fifth consecutive year in the **"Country's best shop"** competition, making it the most popular consumer electronics webshop in 2015. Extreme Digital was founded in 2001 and operates 13 shops in Hungary in addition to its popular online store. Online customers extend beyond Hungary's borders into Slovakia, Romania, Croatia and Slovenia.

Steinhoff International Holdings N.V. successfully **commenced trading on the Frankfurt Stock Exchange**. With a market capitalisation of €19 billion, it was the largest Prime Standard listing in Germany in 2015.

## 7 December 2015



# Household goods



## OPERATING PROFIT CONTRIBUTION BY VALUE CHAIN



Integrated European retail operations	56%
African retail operations	4%
External supply chain	18%
Properties	22%

The integrated household goods division increased profits by **27%** to **€587 million**.

While the retail operations continue to drive the growth momentum in the household goods segment, the efficiencies and cost savings flowing from the integrated supply chain have resulted in good margin growth for the segment as a whole. In order to maintain management focus on the integrated supply chain, all value chains are measured and disclosed separately.

HOUSEHOLD GOODS (€m) Results	H1FY16	H1FY15	Growth	FY15
Revenue	4 206	3 910	7.6%	7 622
Operating profit	587	461	27.3%	956

The retail division is now trading from more than **3.8 million m<sup>2</sup>** of retail space through **2 362** stores and continued to increase market share, supported by a resilient and growing discount market. The group's European strategy is focused on providing its value-conscious customers with a dedicated and comprehensive store footprint that is supported by good omni-channel capabilities, enabling consumers to transact at their convenience.

## GEOGRAPHICAL BREAKDOWN OF RETAIL REVENUES



France	34%
Germany, Switzerland, eastern Europe	29%
Africa	12%
United Kingdom	11%
Spain, Italy, Portugal, Croatia	10%
Australasia	4%

 <b>OPEN</b> Retail outlets	<b>2 362</b>
 Retail space (m <sup>2</sup> )	<b>3.8m</b>
 Employees	<b>±61k</b>

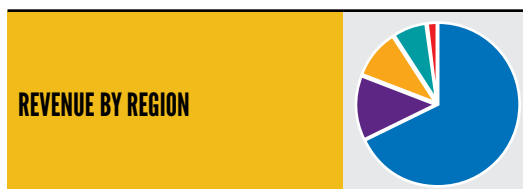
<b>HOUSEHOLD GOODS (€m)</b> Revenue	<b>H1FY16</b>	<b>H1FY15</b>	<b>Growth</b>
Conforama	1 812	1 722	5.2%
ERM <sup>1</sup>	836	704	18.8%
UK	409	336	21.7%
Australasia	155	138	12.3%
Africa	430	551	(22.0%)
<b>TOTAL RETAIL</b>	<b>3 642</b>	<b>3 451</b>	<b>5.5%</b>
Internal supply chain (intra group)	–	–	–
External supply chain	528	426	23.9%
Properties	36	33	9.1%
<b>TOTAL REVENUE: HOUSEHOLD GOODS</b>	<b>4 206</b>	<b>3 910</b>	<b>7.6%</b>

<b>HOUSEHOLD GOODS (€m)</b> Operating profit	<b>H1FY16</b>	<b>H1FY15</b>	<b>Growth</b>
Conforama	124	95	30.5%
ERM <sup>1</sup>	98	61	60.7%
UK	22	24	(8.3%)
Australasia	8	8	0.0%
Africa	21	12	75.0%
<b>TOTAL RETAIL</b>	<b>273</b>	<b>200</b>	<b>36.5%</b>
Internal supply chain	79	69	14.5%
External supply chain	107	78	37.2%
Properties	128	114	12.3%
<b>TOTAL OPERATING PROFIT: HOUSEHOLD GOODS</b>	<b>587</b>	<b>461</b>	<b>27.3%</b>

<b>HOUSEHOLD GOODS</b> Operating margin	<b>H1FY16</b>	<b>H1FY15</b>
Conforama	6.8%	5.5%
ERM <sup>1</sup>	11.7%	8.7%
UK	5.4%	7.1%
Australasia	5.2%	5.8%
Africa	4.9%	2.2%
<b>TOTAL OPERATING MARGIN: RETAIL</b>	<b>7.5%</b>	<b>5.8%</b>

<sup>1</sup> kika-Leiner consolidated from 1 December 2015

# Conforama



France	68%
Switzerland	13%
Iberia	10%
Italy	7%
Croatia and Serbia	2%



G1: Furniture	52%
G2: White goods	21%
G2: Brown and grey goods	15%
G3: Home accessories	11%
Other	1%

Retail outlets	285
Retail space (m²)	1.2m
Employees	± 14k

RESULTS (€m) Conforama	H1FY16	H1FY15	Growth	FY15
Revenue	1 812	1 722	5.2%	3 226
Operating profit	124	95	30.5%	160
Operating margin	6.8%	5.5%	130 bps	5.0%

Conforama opened four new stores in Iberia (Spain and Portugal) and one in Switzerland during the period. Revenue increased by **5.2%** to **€1.8 billion**. Encouraging growth and market share gains were achieved in strategic product categories such as furniture, white goods and decoration items. Moreover, within the furniture category, key strategic products such as upholstered furniture (sofas), kitchen units and mattresses showed good growth in all the countries where the group operates. Constant currency growth was **3.8%**. Online sales increased by **13.5%** compared to the same period last year, and now represents **6.1%** of the group's total sales. Importantly, on the group's strategic product categories, online sales now represent in excess of **10%**.

French consumers continued to invest in their kitchens and bedrooms and this is where Conforama grew market share despite a highly competitive environment. Performance was supported by strong back to school and Christmas trade.

While a strong Swiss franc continues to constrain market growth, significant market share growth in key product categories was achieved by the Swiss business, further entrenching its position in this market.

Conforama

Confo DÉPÔT  
100% DESTOCKAGE

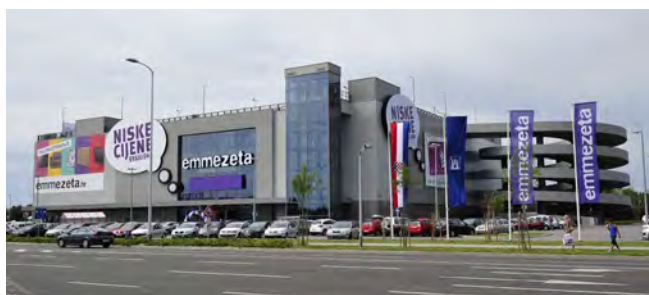
emmezeta.hr

Iberia continue to grow sharply, benefiting from the increased brand awareness that was fueled by an increase in advertising dedicated to television campaigns. The investment in this region during the financial crisis in Europe provided the group the ability to develop a representative store network at a very affordable price. Focus is now placed on developing its e-commerce capability in order to further increase the brand awareness and online sales.

The performance in Italy has improved significantly, with strong growth reported in furniture and home accessories despite a market that remains challenging.

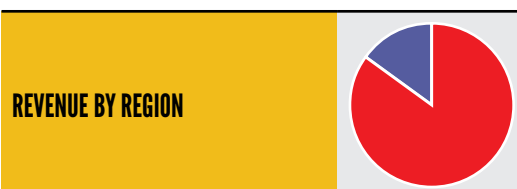
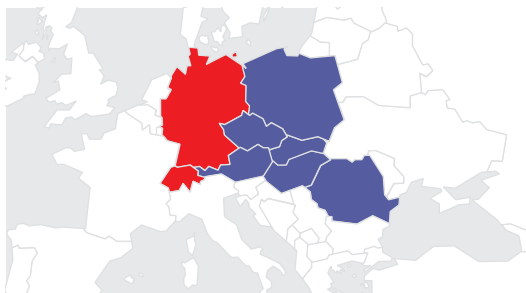
Croatia is performing to plan, benefiting from a well balanced strategy relying on a premium store network that is fully linked to an advanced online presence.

Conforama's growth continues to be supported by a historically well established store network where trading density is increasing through the modernisation of the offer; a focus on strategic product categories such as sofas, mattresses and large appliances; and the pace of new store openings benefiting the multi-channel positioning.





## ERM



**Germany and Switzerland** 85%

**Austria and eastern Europe<sup>1</sup>** 15%

<sup>1</sup> kika-Leiner only consolidated for one month



**G1: Furniture** 60%

**G3: Decoration** 40%

	Retail outlets	<b>304</b>
	Retail space (m <sup>2</sup> )	<b>1.4m</b>
	Employees	<b>± 16k</b>

RESULTS (€m)* ERM group	H1FY16	H1FY15	Growth	FY15
Revenue	<b>836</b>	704	<b>18.8%</b>	1 391
Operating profit	<b>98</b>	61	<b>60.7%</b>	140
Operating margin	<b>11.7%</b>	8.7%	<b>300 bps</b>	10.1%

\* kika-Leiner consolidated from 1 December 2015

This division achieved turnover of **€836 million**, which is **18.8%** ahead of the comparative period and includes **€90 million** of kika-Leiner revenue. kika-Leiner became part of the group on the day of listing on the Frankfurt Stock Exchange as a result of the reverse takeover of the group. Operating profit for the ERM division of **€98 million** was **60.7%** more than the previous year and includes **€10 million** of operating profit relating to the kika-Leiner group for the month of December. As disclosed in the listing prospectus, the annual operating profit margin of kika-Leiner is approximately **3%** but December (given the Christmas trading period) is a particularly strong month for this brand.

The German and Swiss brands performed well during the period under review, especially taking into account the unusual warm weather conditions that influenced trading in Germany.

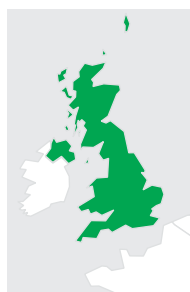
Given the relative large store sizes predominantly located in destination shopping retail parks, footfall and sales densities in new stores only normalise after approximately 24 to 36 months of opening. Due to the fact that 12% of stores have only been opened during the last 36 months, like-for-like performance is not that relevant when measuring year-on-year performance.

The German store format continues to resonate with price sensitive German consumers. Margins during the period increased due to sales mix and the relatively slower pace of new store openings during the period under review.

In Austria, the brand proposition for both the discount store formats as well as the higher-end retail concepts have been strengthened with targets to regain market share lost during the past two years. In addition, margins are expected to benefit from access to the Steinhoff group's supply chain expertise. The eastern European retail operations performed exceptionally well with good revenue growth across all the territories.



# UK and Australasia



## REVENUE BY REGION



United Kingdom **73%**

Australasia **27%**

## PRODUCT MIX – UNITED KINGDOM



**G1: Furniture**

**50%**

**G1: Bedding**

**50%**

## PRODUCT MIX – AUSTRALASIA



**G1: Furniture** **60%**

**G1: Bedding\*** **12%**

**G3: Decoration** **28%**

\* Bedding sales reflects corporate store sales only, and therefore excludes the Snooze franchises.

RESULTS (€m)	H1FY16	H1FY15	Growth	FY15
United Kingdom and Australasia				
Revenue	564	474	19.0%	943
Operating profit	30	32	(6.3%)	75
Operating margin	5.3%	6.8%	(150 bps)	8.0%

RESULTS (€m)	H1FY16	H1FY15	Growth	FY15
United Kingdom				
Revenue	409	336	21.7%	657
Operating profit	22	24	(8.3%)	57
Operating margin	5.4%	7.1%	(170 bps)	8.7%

RESULTS (€m)	H1FY16	H1FY15	Growth	FY15
Australasia				
Revenue	155	138	12.3%	286
Operating profit	8	8	–	18
Operating margin	5.2%	5.8%	(60 bps)	6.3%

**Retail outlets** **565**

**Retail space (m<sup>2</sup>)** **0.5m**

**Employees** **±4k**





Following the acquisition of the bedding manufacturing operations of Select-O-Pedic in Australia, both the Australian and UK divisions are now substantially vertically integrated in the strategic mattress product category. The focus for the period under review was to continue to strengthen the mattress and bedding offering, and to increase market share. As a result, store refurbishments in the UK were accelerated and the introduction of a dedicated bedding category in Australia increased costs, resulting in margins declining. However, margins are expected to recover in the short term given market share gains and increased volumes now inherent in the integrated supply chain.

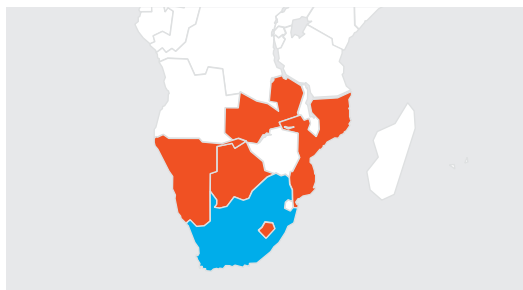
The UK operations increased revenue by **22%** to **€409 million**. Constant currency growth was **11%**, with like-for-like sales for the group increasing by **3%** during the period under review. The bedding retail market continues to show signs of real growth and 78% of the bedding stores have now either been refitted or refurbished to the new store format. The strategy to move the store estate to more relevant retail parks is gaining traction. During the period under review the group closed **22** stores and opened **25** stores. The key driver of performance continues to be growth in the bedding market, while other furniture categories are starting to show signs of growth in an exceptionally competitive market.

During this period a decision was taken to transition some standalone stores, which specialise in home decoration products, to an online and store-in-store format. The majority of these stores will be re-branded to Bensons for Beds, thereby expanding the presence of this brand in key growth areas like the southeastern region of the UK.

The Australasian operations reported revenue growth of **12%** to **€155 million** compared to the previous period. The results are impacted by the **6%** devaluation of the Australian dollar against the euro. On a like-for-like and constant currency basis revenue increased by **19%**. The key driver of performance continues to be the resilience of the bedding product category in Australia. The focus on bedroom furniture also extends to the Freedom brand where nearly **30** stores now offer an extensive bedroom furniture and bedding product range. Snooze was awarded the Top 10 Franchise award in Australia in 2015.



# Africa



 Retail outlets	1 208
 Retail space (m <sup>2</sup> )	0.7m
 Employees	±20k

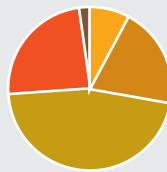







## REVENUE BY REGION



South Africa	94%
Rest of Africa	6%

## PRODUCT MIX



 G1: Bedding	8%
 G1: Furniture	20%
 G2: Consumer electronics and appliances	46%
 G4: Building materials	24%
 Other	2%

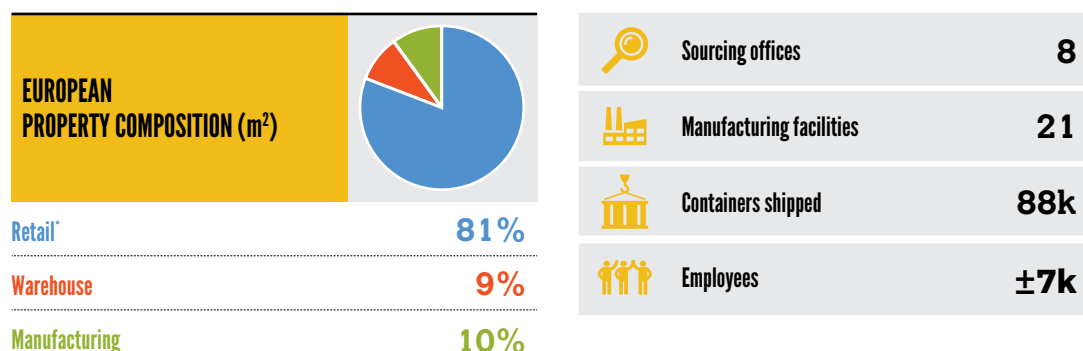
RESULTS (€m)	H1FY16	H1FY15	Growth	FY15
Africa				
Revenue	430	551	(22.0%)	980
Operating profit	21	12	75.0%	41
Operating margin	4.9%	2.2%	270 bps	4.2%

The African retail operations reported a decline in revenue of **22%**. This was mainly as a result of lower market demand in South Africa, but also influenced by the major modification of JD Group's business model, moving away from credit-dependent customers. The credit sales mix reduced to **36%** during the period compared to **60%** in H1FY15, resulting in cash sales now representing **64%** of total sales.

In line with this strategic initiative, the business is benefiting from much improved margin and cash flow. In addition, good progress was made in identifying and executing synergies resulting from the Pepkor acquisition, further supporting margin.

The successful introduction of the new bedding specialist stores and higher-end furniture store formats are supporting growth in the repositioned business. The acquisition of the do-it-yourself (DIY) and building materials business, Iliad, was successfully concluded during the period under review, with the effective date being 1 January 2016. Iliad's geographical footprint is highly complementary to the group, and initial indications of efficiencies and enhanced penetration of the growing DIY and building materials market segment are encouraging.

# Integrated supply chain and Properties



\* Warehouse space attached to stores is included in retail

At the heart of Steinhoff's retail operations lies the integrated supply chain, which reinforces the ability of the group to effectively deliver on its price and service proposition. The flexibility and efficiencies inherent in the group's supply chain continue to underpin the group's ability to deliver product to its internal and external customer base.

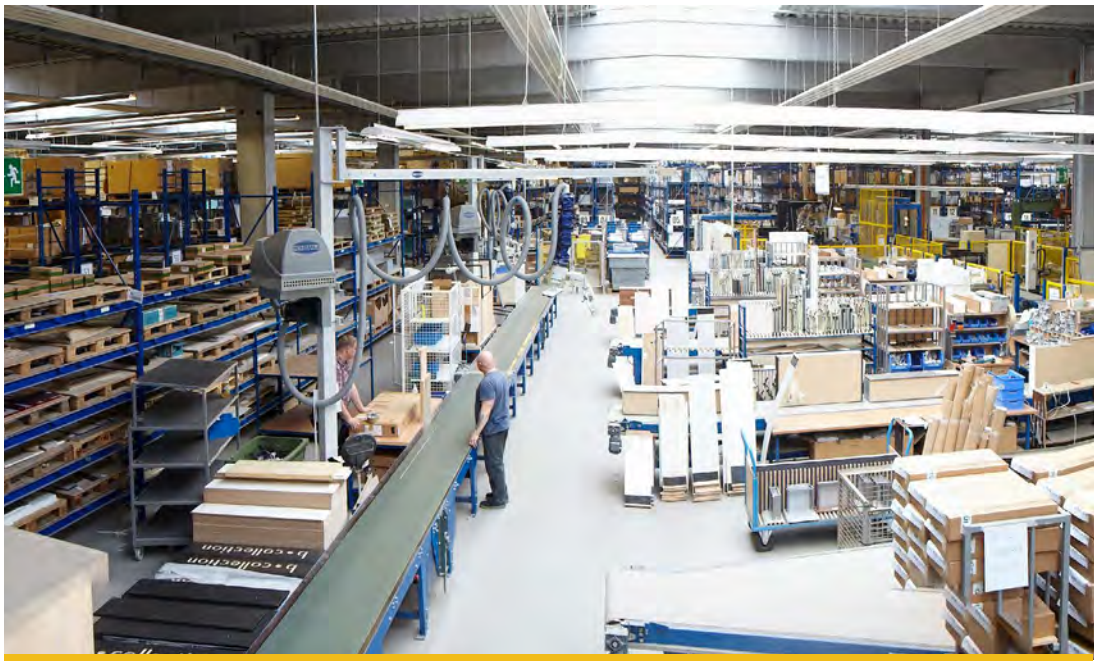
The group is diverse and multinational with operations in many currencies. During the period under review, dollar strength had a positive impact on the competitiveness of the group's European manufacturing base. Increased volumes (and revenues) and improved product mix accounted for the margin improvement in the value chain, but also played a significant role in increasing gross margin for the household goods retail chains.

A material portion of our retail goods are sourced in US dollar and is sold in Steinhoff's retail businesses in euro, pound sterling, zloty, Australian dollar and rand. Steinhoff takes out forward currency contracts to cover its purchase costs when orders are placed and, in the current year, protection has been afforded by the agreement of contracts at more favourable rates than those currently available. In the Asian sourcing offices, Steinhoff is experiencing a decrease in orders compared to the same period last year. The decline is mainly due to the performance of the furniture and electric appliances product categories. In anticipation of this, the group has moved sizeable orders back to the European supply base. In addition, the group has further streamlined its cost structure in its Asian sourcing operations which should protect the group's cost base and pricing structure in Asia.

The logistics operations had a very successful six months, mainly due to the growth in contractual distribution agreements with internal retail customers. In particular, the new distribution centre in Derendingen is now operational and will service the Steinhoff retail brands in Switzerland. Synergies with ocean freight and joint warehousing are working well and continue to deliver operational cost savings within the retail businesses.

The group's property portfolio remains a key strategic focus of the business. The group's property investments comprise an extensive footprint of retail properties situated in Europe and Africa, as well as manufacturing facilities located in Germany, eastern Europe, the United Kingdom and Australia.

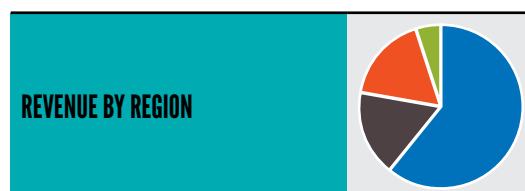
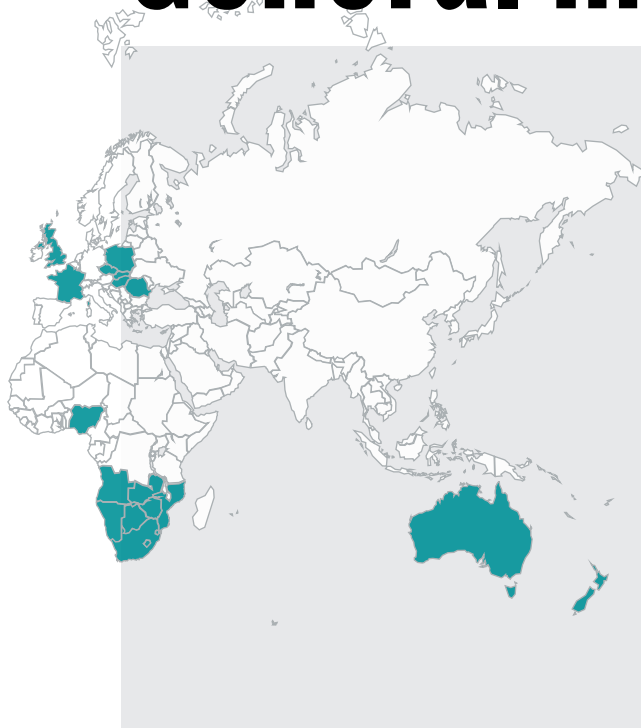








# General merchandise



South Africa	61%
Europe	17%
Australasia	17%
Rest of Africa	5%

 Retail outlets	4 416
 Retail space (m <sup>2</sup> )	2.1m
 Employees	±39k

RESULTS (€m)	H1FY16	H1FY15 Pro forma	Growth	FY15 Pro forma
General merchandise				
Revenue	1 845	1 548	19.2%	3 281
Operating profit	197	157	25.5%	312
Operating margin	10.7%	10.1%	60 bps	9.5%

The Pepkor group reported good results for the six months under review with group turnover in euro increasing by **19%** to **€1.8 billion**. In constant currency the group increased revenue by **25%**. All regions remain focused on growth with more than **320** stores opened during the period under review, adding nearly **220 000 m<sup>2</sup>** of retail space to the group. Notwithstanding the increase in the group's footprint, like-for-like growth increased by **8%**.

The group's focus on managing its cost of doing business in order to protect its price positioning continues to be successful. The group reported an operating margin of **11%**, despite the effect of the new store openings on operating margin, and after taking into account the roll-out of stores in the UK and the investment in refurbishing the newly acquired store base in France.

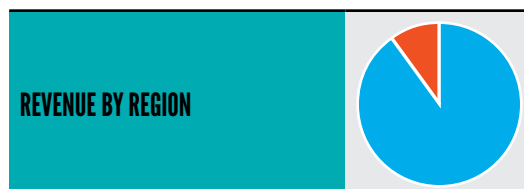
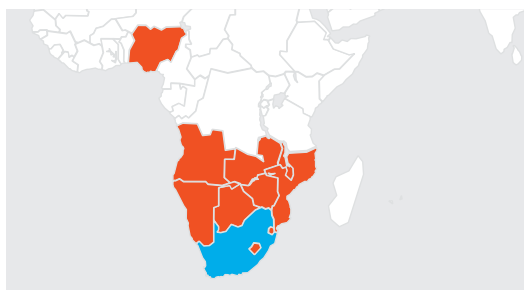
GENERAL MERCHANDISE (€m) Revenue	H1FY16	H1FY15 Pro forma	Growth
Africa	1 220	1 067	14.3%
Europe	305	168	81.5%
Australasia	320	313	2.2%
<b>TOTAL REVENUE: GENERAL MERCHANDISE</b>	<b>1 845</b>	<b>1 548</b>	<b>19.2%</b>

GENERAL MERCHANDISE (€m) Operating profit	H1FY16	H1FY15 Pro forma	Growth
Africa	163	132	23.5%
Europe	32	25	28.0%
Australasia	2	–	–
<b>TOTAL OPERATING PROFIT: GENERAL MERCHANDISE</b>	<b>197</b>	<b>157</b>	<b>25.5%</b>

GENERAL MERCHANDISE Operating margin	H1FY16	H1FY15 Pro forma
Africa	13.4%	12.4%
Europe	10.5%	14.9%
Australasia	0.6%	–
<b>TOTAL OPERATING MARGIN: GENERAL MERCHANDISE</b>	<b>10.7%</b>	<b>10.1%</b>



# Africa



South Africa	92%
Rest of Africa	8%



Discount	67%
Value	27%
Speciality	6%

RESULTS (€m) Africa	H1FY16	H1FY15 Pro forma	Growth	FY15 Pro forma
Revenue	1 220	1 067	14.3%	2 283
Operating profit	163	132	23.5%	278
Operating margin	13.4%	12.4%	100 bps	12.2%

In a very subdued consumer environment throughout Africa, discount and value retail concepts continue to resonate with the consumer and are growing rapidly. The South African business accounts for **92%** of African turnover, with the remaining **8%** earned across Zambia, Mozambique, Malawi, Nigeria, Zimbabwe and Angola.

The growth momentum in this division is supported by an expanding footprint with approximately **130** new stores opened during the period under review. The increased store footprint is supporting market share and growth, and conveniently located stores reduce customers' travel cost, thereby enhancing their affordability in-store. The division reported an increase in like-for-like sales of **9%** indicating market share gains in key product categories in a very competitive market. Other financial services like money transfers included in other income, continue to show good growth.

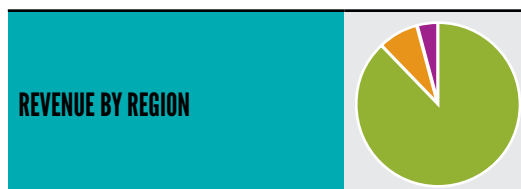
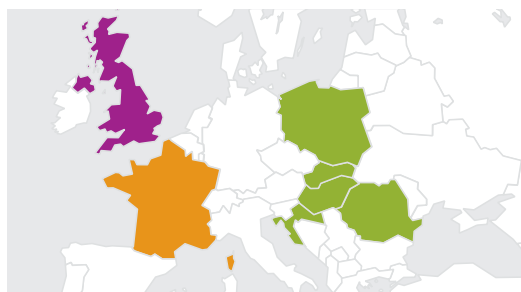
Gross margins were in line with those of last year, despite best price leadership (best price in market) in the discount brands reaching record levels, with less than **5%** of product being available elsewhere at the same or lower price.

The cost of doing business decreased slightly throughout the business as a result of strict cost control, but also, increased efficiencies given the higher sales base in-store, which supported margins.

	Retail outlets	3 192
	Retail space (m <sup>2</sup> )	1.4m
	Employees	±28k



# Europe



Eastern Europe	88%
France	8%
United Kingdom	4%

Retail outlets	889
Retail space (m²)	0.3m
Employees	±7k



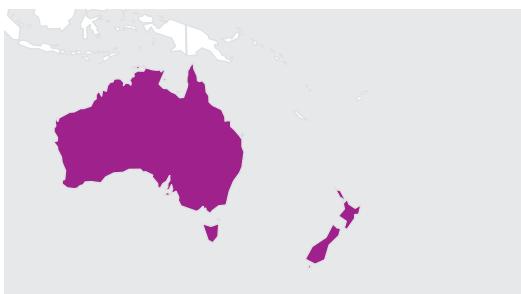
RESULTS (€m)	H1FY16	H1FY15 Pro forma	Growth	FY15 Pro forma
Europe				
Revenue	305	168	81.5%	380
Operating profit	32	25	28.0%	40
Operating margin	10.5%	14.9%	(440 bps)	10.5%

PEPCO in eastern Europe reported solid results for the period under review. Poland currently generates **66%** of sales in eastern Europe with the balance being generated in Slovakia, Czech Republic, Romania and Hungary. In eastern Europe, like-for-like sales increased by **16%** with new stores (less than 12 months old) performing better than expected in all territories. During the period under review **129** new stores were opened with a strong pipeline. Current indication shows the business will open approximately **200** stores during this financial year. Sales mix and a **5%** increase in average transaction value contributed to increased margins for this division.

Following some operational difficulties and product changes during the ambitious store roll-out plan of PEP&CO in the UK, the trial concept is gaining momentum. Likewise, trading at MacDan, the French business acquired in November last year is satisfactory. The businesses in the UK and France remain focused on supply chain improvements, whereafter additional store roll-outs are planned.



# Australasia



 Retail outlets	335
 Retail space (m <sup>2</sup> )	0.4m
 Employees	±4k

RESULTS (€M) Australasia	H1FY16	H1FY15 Pro forma	Growth	FY15 Pro forma
Revenue	320	313	2.2%	618
Operating profit	2	–	–	(6)
Operating margin	0.6%	–	60 bps	–

Pepkor Australasia delivered solid results for the period under review with sales increasing by **2%** to **€320 million**. In constant currency sales increased by **8%** with like-for-like sales increasing by **2%**. The Australian turnaround plan is on track with encouraging like-for-like sales growth in the bigger store formats, supported by increased gross margins in a very competitive marketplace marred by excessive discounting. The cost base is expected to decrease further, given the centralisation of this business that allows better aggregation of central cost structures. In addition, the business is expected to benefit from synergies with the Steinhoff business in particular on origin consolidation facilities and other distribution efficiencies on imported product.

Best&Less

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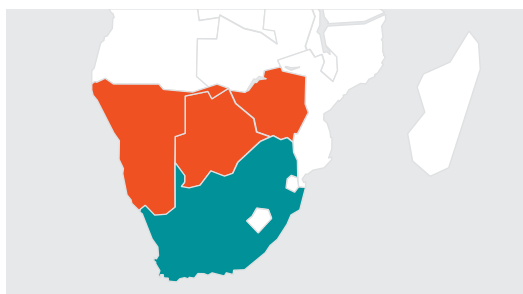
MOZI


Postie<sup>+</sup>

store<sup>&</sup>order.



# Automotive



	Dealerships	88
	Rental outlets	47
	Employees	±5k

RESULTS (€M) Automotive	H1FY16	H1FY15	Growth	FY15
Revenue	649	652	(0.5%)	1 308
Operating profit	18	19	(5.3%)	39
Operating margin	2.8%	2.9%	(10 bps)	3.0%

The automotive retail division in southern Africa reported good results, despite the underlying trends in new car sales, as well as commercial vehicle sales reflecting a steady decline in recent months. This division reported a **1% decline in revenue to €649 million** compared to the previous period. In constant currency, sales increased by **6%** mostly as a result of growth in car rental and heavy commercial vehicle sales. Despite aggressive pricing on new vehicle sales, which influenced the more profitable used vehicle retail volumes, the division managed to keep margins stable at **2.8%**, due to good cost controls and a good performance of the parts and services division in a competitive market.





# Outlook

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## Revenue

In countries such as France, Switzerland, Austria and South Africa where the group enjoys material market share, the strategy remains very much focused on increased profitability and the entrenchment of our multi-channel positioning by making use of the existing store network. Therefore trading in these markets will closely approximate or slightly outperform the market.

In regions such as Germany, Spain, Portugal, and eastern Europe, where the group is actively expanding its footprint, the group focuses on improved sales densities, where market share growth is expected to continue.

Within the household goods retail businesses of the UK and Australasia, revenue is expected to grow in line with the market. However, the mattress market's growth remains more robust and stable than that of traditional furniture, and should benefit revenue development following the repositioning and large refurbishment programme driven by the team in the past two years.

## Operating profit margin

While margins have increased in Conforama and ERM in the current period, it is important to note that margins and operating profit have traditionally been stronger during the first six months (given the weight and mix of back to school and Christmas trading).

Margins of the newly acquired kika-Leiner business (as reported in the listing prospectus) are approximately 3% and this business will be consolidated for the remainder of the year. In the UK and Australasia margins are expected to be similar to those reported on last year, following the increased volumes inherent in the integrated supply chain as a result of a strong sales focus during the interim period.

Pepkor's focus on growth in the resilient discount and value market segments in Africa and eastern Europe requires entry level pricing. Given the competitive gross margins and cost structures in this business, margins are expected to remain stable.

## Supply chain

Exchange rates between some of our major trading currencies have changed markedly in recent months. Significantly, the US dollar has appreciated over the last 12 months, the euro has weakened and the US dollar/euro exchange rate has moved by more than 12% over the last 12 months. A significant portion of our retail goods are sourced in US dollar and is sold by the retail businesses in euro, pound sterling, zloty, Australian dollar and rand. Steinhoff takes out forward currency contracts to cover its purchase costs when orders are placed and, in the current year, some protection has been afforded by contracts concluded at more favourable rates than those now available. The benefits of these contracts will therefore fade as we move into next year. In preparation for this, and remaining focused on protecting our lowest price points in the market, the household goods business has completed a substantial review of its sourcing locations and negotiated preferred pricing or, in many instances, moved orders to other locations. Eastern Europe in particular has been a strong contender for increased orders, given their ability to competitively price on the group's scale of orders.

In the general merchandise business the group's relatively consistent product range, scale and market share in general apparel such as kids' wear, babywear and shoes continue to provide the group with a competitive advantage in sourcing products at competitive prices. However, the material devaluation of the rand in recent months is expected to result in an increase in inflation in most of the African countries where the group operates, thereby affecting demand. Our attention remains focused on providing lowest price everyday necessities, as opposed to aspirational products. This is expected to provide some degree of protection against subdued demand in these markets.

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## Taxation

The group has transfer pricing arrangements in relation to various aspects of its business, including its retail manufacturing and distribution functions. Transfer pricing regulations in the countries in which the group has operations require that any international transaction involving associated enterprises be on arm's length terms. The offices of a German subsidiary of Steinhoff were searched on 26 November 2015 in connection with regulatory investigations. The company appointed a prominent legal firm and external auditors in Germany to investigate the matter independently. Both firms have concluded that no evidence exists that any of the transactions raised by the investigation in terms of section 331 HGB can give rise to any contravention of any provisions of German commercial law and were reflected correctly in the statement of financial position of the company.

Although this opinion does not mark the end of the investigation, the group is confident that the matter will be resolved amicably with the German regulators.

The group remains confident that the annual tax rate can be sustained at 15% for the short to medium term.

## Currency translation effect

Steinhoff is an international business with revenue earned in many countries, as summarised in the geographical segmental analysis of the annual financial statements. Currency movements will have an effect on reported euro earnings in translating these businesses' earnings. In particular, given the deterioration of the South African rand, the group expects foreign exchange translation to have an unfavourable impact on reported euro earnings.

Our trading outlook for this financial year remains in line with the statements made in the operational commentary of this document.

## Forward looking statements

This report contains management's current view on future developments based on information currently available and is subject to risks and uncertainties, as described in the section "Risk Factors – Risks relating to the Group's Business" on pages 47 to 57 of the Frankfurt Stock Exchange prospectus which can be accessed on the group's website at [www.steinhoffinternational.com](http://www.steinhoffinternational.com). These risks are outside the control of management and in the event that underlying assumptions turn out to be inaccurate or risks contained in the prospectus materialise, actual results may differ materially from those included in these statements. Management and the group do not assume any obligation to update any forward-looking statements made beyond statutory disclosure obligations.



## Interim consolidated financial statements





**STEINHOFF**  
INTERNATIONAL HOLDINGS N.V.

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# Chief financial officer's report

## REVERSE ACQUISITION

A scheme of arrangement was approved by the Steinhoff International Holdings Limited shareholders, whereby Steinhoff International Holdings N.V. acquired the entire issued share capital of Steinhoff International Holdings Limited. As consideration, the Steinhoff International Holdings Limited shareholders received one ordinary share in Steinhoff International Holdings N.V. for each Steinhoff International Holdings Limited share transferred. The scheme became operative on 7 December 2015 and Steinhoff International Holdings Limited became a wholly owned subsidiary of Steinhoff International Holdings N.V.

Steinhoff International Holdings Limited was delisted from the main board of the Johannesburg Stock Exchange (JSE) and Steinhoff International Holdings N.V. ordinary shares listed on the prime standard of the Frankfurt Stock Exchange (FSE), as a primary listing, and the main board of the JSE, by way of a secondary listing.

The acquisition has been accounted for in terms of IFRS 3 Business Combinations (IFRS 3), using the principles of a reverse acquisition. The existing Steinhoff International Holdings Limited group was identified as the acquirer in the transaction, and Steinhoff International Holdings N.V. (including the kika-Leiner group) was the acquiree. Steinhoff International Holdings N.V. (including the kika-Leiner group) is therefore subject to an IFRS 3 fair valuation. At the reporting date, the group has applied initial accounting for the business combination and therefore, the IFRS 3 fair valuation is still provisional. As part of this transaction, a reverse acquisition reserve originated and was calculated as the group's market capitalisation on 7 December 2015 (€5 per ordinary share), less the stated capital balance on that date. The share capital of the group increased by the same amount.

The interim consolidated financial statements have not been audited or reviewed by an auditor.

## RESTATEMENT DUE TO CHANGE IN FUNCTIONAL AND PRESENTATION CURRENCY

As part of the Frankfurt listing, Steinhoff changed its functional and presentation currencies from South African rand to euro. The currency restatement is explained in more detail in note 12.

## CORPORATE ACTIVITY

### Convertible bond due 2022

On 30 July 2015, Steinhoff Finance Holding GmbH issued a seven-year, euro-denominated, convertible bond (the bond) to raise €1 116 million (before expenses). The bond pays interest semi-annually in arrears at a fixed rate of 1.25% per annum (pa) and is convertible into 150 million Steinhoff ordinary shares at an initial conversion price of €7.44 per share (representing an initial conversion premium of 35% to the prevailing underlying volume-weighted average (VWAP) share price at the date of pricing). The issue and redemption price of the bond is 100%. The bond is convertible into shares at the election of the bondholders. The company holds, subject to conditions, rights on early redemption. The bond is listed on the Open Market (Freiverkehr) of the FSE.

### Share repurchase

On 2 October 2015, special purpose entities of Steinhoff International Holdings Limited purchased 150 million Steinhoff International Holdings Limited ordinary shares for €758 million. These shares are accounted for as treasury shares.

### Convertible bond due 2017

During the period, conversion notices were received from holders of the convertible bond due 2017. In total, 49.8 million ordinary shares of Steinhoff were issued to bondholders. At 31 December 2015, €25.1 million remained outstanding, representing 8.0 million underlying ordinary shares. Subsequent to the reporting date and up to the date of this report, conversion notices relating to a further €22.4 million bonds were received and 7.1 million shares issued. On 18 February 2016, €2.7 million in cash was paid to redeem all remaining outstanding bonds.

### Convertible bond due 2018

During the period, conversion notices were received from holders of the convertible bond due 2018. In total, 103.3 million ordinary shares of Steinhoff were issued to bondholders. At 31 December 2015, €132.7 million remained outstanding, representing 41.0 million underlying ordinary shares.

## RELATED PARTY TRANSACTIONS

Related party relationships exist between shareholders, subsidiaries, joint-venture companies and associate companies within the group and its company directors and group key management personnel. Related party transactions are concluded at arm's length in the normal course of business and include transactions as a result of the group-wide treasury management of foreign currency movements. All material intergroup transactions are eliminated on consolidation.

The related party transactions during the first six month period ended 31 December 2015 do not significantly deviate from the transactions as reflected in the annual financial statements as at and for the year ended 30 June 2015.

The group's consolidated financial statements for the year ended 30 June 2015 contains details of the group's related party relationships and should be read in conjunction with this report.

## EVENTS AFTER THE REPORTING DATE

The directors are not aware of any significant events after the reporting date that will have a material effect on the group's results or financial position as presented in these financial statements, except as discussed below.

### Iliad Africa Limited (Iliad)

On 23 July 2015, Iliad announced Steinhoff's firm intention to extend an offer, through JD Group, to the shareholders of Iliad in terms of a Scheme of Arrangement for the acquisition of the entire issued share capital of Iliad for cash at €0.74 (R10) per Iliad share (scheme). The Iliad shareholders voted to approve the scheme on 29 September 2015.

Steinhoff has purchased Iliad group for a total cash consideration of €79.6 million (R1.3 billion). All conditions precedent were fulfilled on 11 January 2016. Iliad delisted from the JSE on 12 January 2016. Iliad will be consolidated from 1 January 2016.

### Home Retail Group

On 22 February 2016, Steinhoff announced that it had put forward a proposal to the board of Home Retail Group plc (HRG) to acquire HRG for 175 pence per HRG share. Steinhoff has until 5:00 p.m. on 18 March 2016 to either announce a firm intention to make an offer or announce that it does not intend to make an offer.

## DIVIDEND

In terms of Steinhoff's dividend policy, Steinhoff declares dividends annually, the details of any dividend will be included in the annual results announcement.



**Ben la Grange**  
Chief financial officer  
29 February 2016

## Responsibility statement

We have prepared the interim consolidated financial statements for the six months ended 31 December 2015 of Steinhoff International Holdings N.V. and the undertakings included in the consolidation taken as a whole in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Dutch and German disclosure requirements for half-yearly financial reports.

To the best of our knowledge:

1. The interim consolidated financial statements give a true and fair view of our assets and liabilities, financial position at 31 December 2015, and of the result of our consolidated operations for the six months ended 31 December 2015.
2. The Interim Management Board Report for the six months ended 31 December 2015 includes a summary of important events that have occurred during the first six months of the financial year and their impact on the interim consolidated financial statements.

Amsterdam, 29 February 2016  
Steinhoff International Holdings N.V.

The Management Board



**Markus Jooste**  
Chief executive officer



**Ben la Grange**  
Chief financial officer



**Danie van der Merwe**  
Chief operating officer

# Consolidated income statement

for the six months ended 31 December 2015

	Notes	Six months ended 31 Dec 2015 Unaudited €m	Restated Six months ended 31 Dec 2014 Unaudited €m	% Change	Restated Year ended 30 Jun 2015 Audited €m
<b>Continuing operations</b>					
Revenue		6 700	4 562	47	9 818
Cost of sales		(4 250)	(2 937)	45	(6 300)
Gross profit		2 450	1 625	51	3 518
Operating income		164	113	45	264
Operating expenses		(1 812)	(1 258)	44	(2 667)
Capital items	2	–	5	–	182
Operating profit	2	802	485	65	1 297
Finance costs		(164)	(137)	20	(279)
Income from investments		80	135	(41)	151
Share of profit of equity accounted companies		31	13	138	41
<b>Profit before taxation</b>		<b>749</b>	<b>496</b>	<b>51</b>	<b>1 210</b>
Taxation	3	(108)	(53)	104	(96)
<b>Profit from continuing operations</b>		<b>641</b>	<b>443</b>	<b>45</b>	<b>1 114</b>
<b>Discontinued operations</b>					
Loss from discontinued operations	4	(4)	(106)		(155)
<b>Profit for the period</b>		<b>637</b>	<b>337</b>	<b>89</b>	<b>959</b>
<b>Profit attributable to:</b>					
Owners of the parent		635	349	82	976
Non-controlling interests		2	(12)		(17)
<b>Profit for the period</b>		<b>637</b>	<b>337</b>	<b>89</b>	<b>959</b>
<b>From continuing operations</b>					
Basic earnings per share (cents) <sup>1</sup>	5	17.0	17.5	(3)	39.3
Diluted earnings per share (cents) <sup>1</sup>	5	16.1	15.9	1	35.9
Headline earnings per share (cents) <sup>1,2</sup>	5	16.9	17.3	(2)	32.6
Diluted headline earnings per share (cents) <sup>1,2</sup>	5	16.0	15.7	2	30.3
<b>From continuing and discontinued operations</b>					
Basic earnings per share (cents) <sup>1</sup>	5	16.9	13.9	22	34.5
Diluted earnings per share (cents) <sup>1</sup>	5	16.0	12.9	24	31.8
Headline earnings per share (cents) <sup>1,2</sup>	5	16.7	14.2	18	28.3
Diluted headline earnings per share (cents) <sup>1,2</sup>	5	15.9	13.2	20	26.6
Number of ordinary shares in issue (m)	5	3 713	2 518	47	3 652
Weighted average number of ordinary shares in issue (m) <sup>1</sup>	5	3 700	2 461	50	2 771
Continuing earnings attributable to ordinary shareholders (€m)	5	627	431	45	1 090
Continuing headline earnings attributable to ordinary shareholders (€m) <sup>2</sup>	5	623	425	47	907
Average currency translation rate (rand:euro)		15.0444	14.1590	6	13.7347

<sup>1</sup> The comparative periods have been restated. Please refer to note 12.

<sup>2</sup> Headline earnings is required to be reported by the JSE, where the group has its secondary listing. Headline earnings is defined by Circular 2/2015 Headline Earnings. The starting point of the calculation is earnings as determined in IAS 33 Earnings Per Share, and then excluding specific capital items, net of related taxation and related non-controlling interests.

# Consolidated statement of comprehensive income

for the six months ended 31 December 2015

	Six months ended 31 Dec 2015 Unaudited €m	Restated Six months ended 31 Dec 2014 Unaudited €m	Restated Year ended 30 Jun 2015 Audited €m
<b>Profit for the period</b>	<b>637</b>	<b>337</b>	<b>959</b>
<b>Other comprehensive (loss)/income</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Actuarial losses on defined benefit plans	(1)	(6)	(13)
Deferred taxation	–	1	3
	(1)	(5)	(10)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	(1 306)	49	192
Net fair value gain on cash flow hedges and other fair value reserves	35	70	17
Deferred taxation	(6)	(13)	(4)
Other comprehensive income/(loss) of equity accounted companies, net of deferred taxation	3	(1)	1
	(1 274)	105	206
<b>Total other comprehensive (loss)/income for the period</b>	<b>(1 275)</b>	<b>100</b>	<b>196</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>(638)</b>	<b>437</b>	<b>1 155</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of the parent	(630)	445	1 164
Non-controlling interests	(8)	(8)	(9)
<b>Total comprehensive (loss)/income for the period</b>	<b>(638)</b>	<b>437</b>	<b>1 155</b>



# Consolidated statement of changes in equity

for the six months ended 31 December 2015

	Ordinary share capital €m	Reserves €m	Preference share capital €m	Non- controlling interests €m	Total €m
<b>Balance at 30 June 2015</b>	<b>8 467</b>	<b>4 443</b>	<b>437</b>	<b>81</b>	<b>13 428</b>
Shares issued	504	–	–	–	504
Reverse acquisition	10 333	(10 333)	–	–	–
Treasury shares purchased	(758)	–	–	–	(758)
Total comprehensive loss for the period	–	(630)	–	(8)	(638)
Profit for the period	–	635	–	2	637
Other comprehensive loss for the period	–	(1 265)	–	(10)	(1 275)
Preference dividends	–	(9)	–	–	(9)
Ordinary dividends paid	–	(142)	–	–	(142)
Net shares bought from/sold to non-controlling interests	–	(41)	–	(51)	(92)
Share-based payments	–	15	–	–	15
Convertible bonds redeemed – equity portion net of deferred taxation	–	41	–	–	41
Transfers and other reserve movements	–	1	–	–	1
<b>Balance at 31 December 2015</b>	<b>18 546</b>	<b>(6 655)</b>	<b>437</b>	<b>22</b>	<b>12 350</b>
<b>Restated</b>					
<b>Balance at 30 June 2014</b>	<b>1 708</b>	<b>3 882</b>	<b>327</b>	<b>107</b>	<b>6 024</b>
Net shares issued	1 430	–	–	–	1 430
Redemption of preference shares	–	–	(35)	–	(35)
Total comprehensive income/(loss) for the period	–	445	–	(8)	437
Profit/(loss) for the period	–	349	–	(12)	337
Other comprehensive income for the period	–	96	–	4	100
Preference dividends	–	(15)	–	–	(15)
Ordinary dividends paid	–	(273)	–	(1)	(274)
Share-based payments	–	14	–	–	14
Convertible bonds redeemed – equity portion net of deferred taxation	–	(4)	–	–	(4)
<b>Balance at 31 December 2014</b>	<b>3 138</b>	<b>4 049</b>	<b>292</b>	<b>98</b>	<b>7 577</b>
<b>Restated</b>					
<b>Balance at 30 June 2014</b>	<b>1 708</b>	<b>3 882</b>	<b>327</b>	<b>107</b>	<b>6 024</b>
Net shares issued	6 759	–	146	–	6 905
Redemption of preference shares	–	–	(36)	–	(36)
Total comprehensive income/(loss) for the year	–	1 164	–	(9)	1 155
Profit/(loss) for the year	–	976	–	(17)	959
Other comprehensive income for the year	–	188	–	8	196
Preference dividends	–	(24)	–	–	(24)
Ordinary dividends paid	–	(273)	–	(4)	(277)
Introduced and acquired on acquisition of subsidiaries	–	–	–	108	108
Net shares bought from/sold to non-controlling interests	–	(333)	–	(116)	(449)
Share-based payments	–	41	–	–	41
Convertible bonds redeemed – equity portion net of deferred taxation	–	(27)	–	–	(27)
Transfers and other reserve movements	–	13	–	(5)	8
<b>Balance at 30 June 2015</b>	<b>8 467</b>	<b>4 443</b>	<b>437</b>	<b>81</b>	<b>13 428</b>

# Consolidated statement of financial position

as at 31 December 2015

	Notes	31 Dec 2015 Unaudited €m	Restated 31 Dec 2014 Unaudited €m	Restated 30 Jun 2015 Audited €m
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill and intangible assets	6	9 457	4 551	9 955
Property, plant and equipment		4 528	3 913	4 296
Investments in equity accounted companies		974	302	1 170
Investments and loans		644	841	493
Deferred taxation assets		180	147	198
Trade and other receivables		13	10	11
		15 796	9 764	16 123
<b>Current assets</b>				
Inventories		2 107	1 507	1 945
Trade and other receivables		1 188	1 371	1 343
Investments and loans		742	521	656
Cash and cash equivalents		3 068	1 316	2 794
		7 105	4 715	6 738
Assets and disposal groups classified as held for sale		174	341	248
		7 279	5 056	6 986
<b>Total assets</b>		23 075	14 820	23 109
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Ordinary share capital and premium	7	18 546	3 138	8 467
Reserves		(6 655)	4 049	4 443
Preference share capital		437	292	437
Total equity attributable to equity holders of the parent		12 328	7 479	13 347
Non-controlling interests		22	98	81
<b>Total equity</b>		12 350	7 577	13 428
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings		4 445	3 237	4 152
Employee benefits		136	66	78
Deferred taxation liabilities		1 067	777	1 001
Provisions		184	100	216
Trade and other payables		52	34	68
		5 884	4 214	5 515
<b>Current liabilities</b>				
Trade and other payables		3 783	2 470	3 416
Employee benefits		86	49	86
Provisions		151	69	96
Interest-bearing loans and borrowings		347	431	431
Bank overdrafts and short-term facilities		464	8	137
		4 831	3 027	4 166
Liabilities and disposal groups classified as held for sale		10	2	–
		4 841	3 029	4 166
<b>Total equity and liabilities</b>		23 075	14 820	23 109
Net asset value per ordinary share (cents)	5	320	285	353
Closing exchange rate (rand:euro)		16.8253	14.0070	13.5628

# Consolidated statement of cash flows

for the six months ended 31 December 2015

	Six months ended 31 Dec 2015 Unaudited €m	Restated Six months ended 31 Dec 2014 <sup>1</sup> Unaudited €m	Restated Year ended 30 Jun 2015 Audited €m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating profit of continuing operations	802	485	1 297
Operating loss of discontinued operations	(6)	(126)	(172)
Adjusted for:			
Debtors' costs	44	164	239
Depreciation and amortisation	116	79	162
Non-cash adjustments	(18)	39	(151)
	938	641	1 375
Working capital changes			
Inventories	(193)	(165)	82
Vehicle rental fleet	–	(28)	(9)
Receivables	133	(79)	129
Payables	(87)	82	366
Changes in working capital	(147)	(190)	568
<b>Cash generated from operations</b>	<b>791</b>	<b>451</b>	<b>1 943</b>
Net movement in instalment sale and loan receivables	24	(58)	(16)
Net dividends paid	(139)	(272)	(286)
Net finance charges	(76)	16	(90)
Taxation paid	(86)	(63)	(76)
Net cash inflow from operating activities	514	74	1 475
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	(196)	(243)	(341)
Additions to intangible assets	(8)	(6)	(19)
Proceeds on disposal of property, plant and equipment and intangible assets	17	13	16
Acquisition of subsidiaries and businesses, net of cash on hand at acquisition	(7)	(1)	(971)
(Increase)/decrease in long-term investments and loans	(150)	(57)	2
Increase in short-term investments and loans	(75)	(112)	(211)
Net (increase)/decrease in investments in equity accounted companies	(1)	2	(12)
Net cash outflow from investing activities	(420)	(404)	(1 536)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds of ordinary shares issued	–	1 360	1 325
Proceeds of preference shares issued	–	–	146
Preference shares redeemed	–	(35)	(36)
Share issue expenses	(1)	(100)	(28)
Treasury shares purchased	(758)	–	–
Transactions with non-controlling interests	(92)	–	(7)
Increase/(decrease) in bank overdrafts and short-term facilities	322	(160)	(81)
Increase/(decrease) in long-term interest-bearing loans and borrowings	1 153	(418)	877
Decrease in short-term interest-bearing loans and borrowings	(345)	(126)	(475)
Net cash inflow from financing activities	279	521	1 721
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>373</b>	<b>191</b>	<b>1 660</b>
Effects of exchange rate translations on cash and cash equivalents	(99)	4	13
Cash and cash equivalents at beginning of period	2 794	1 121	1 121
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>3 068</b>	<b>1 316</b>	<b>2 794</b>

<sup>1</sup> Cash flows relating to treasury shares and transactions with non-controlling interests have been reclassified from investing activities to financing activities.

# Consolidated segmental report

for the six months ended 31 December 2015

	Six months ended 31 Dec 2015 Unaudited €m	Restated Six months ended 31 Dec 2014 Unaudited €m	% Change	Restated Year ended 30 Jun 2015 Audited €m		
REVENUE – CONTINUING OPERATIONS						
Household goods	4 206	3 910	8	7 622		
General merchandise	1 845	–		888		
Automotive	649	652	–	1 308		
	6 700	4 562	47	9 818		
OPERATING PROFIT BEFORE CAPITAL ITEMS – CONTINUING OPERATIONS						
Household goods	587	461	27	956		
General merchandise	197	–		120		
Automotive	18	19	(5)	39		
	802	480	67	1 115		
	31 Dec 2015 Unaudited €m	%	Restated 31 Dec 2014 Unaudited €m	%	Restated 30 Jun 2015 Audited €m	%
SEGMENTAL ASSETS						
Household goods	11 611	66	11 084	96	10 814	61
General merchandise	5 520	32	–	–	6 530	37
Automotive	342	2	415	4	404	2
	17 473	100	11 499	100	17 748	100
GEOGRAPHICAL ANALYSIS						
Revenue – continuing operations						
Europe	3 926	59	3 222	71	6 461	66
Africa	2 299	34	1 203	26	2 905	29
Other	475	7	137	3	452	5
	6 700	100	4 562	100	9 818	100
Non-current assets						
Europe	10 277	65	8 234	84	9 537	59
Africa	5 117	32	1 379	14	6 151	38
Other	402	3	151	2	435	3
	15 796	100	9 764	100	16 123	100
			31 Dec 2015 Unaudited €m	Restated 31 Dec 2014 Unaudited €m	Restated 30 Jun 2015 Audited €m	
RECONCILIATIONS						
Reconciliation between operating profit per income statement and operating profit before capital items per segmental analysis						
Operating profit per income statement			802	485	1 297	
Capital items (note 2.2)			–	(5)	(182)	
Operating profit before capital items per segmental analysis			802	480	1 115	
Reconciliation between total assets per statement of financial position and segmental assets						
Total assets per statement of financial position			23 075	14 820	23 109	
Less: Cash and cash equivalents			(3 068)	(1 316)	(2 794)	
Less: Investments in equity accounted companies			(974)	(302)	(1 170)	
Less: Long-term investments and loans			(644)	(841)	(493)	
Less: Short-term investments and loans			(742)	(521)	(656)	
Less: Assets of discontinued operations and assets held for sale			(174)	(341)	(248)	
Segmental assets			17 473	11 499	17 748	

# Notes to the interim consolidated financial statements

for the six months ended 31 December 2015

## 1 GENERAL

The interim consolidated financial statements of Steinhoff International Holdings N.V. (Steinhoff) for the six months ended 31 December 2015 comprise Steinhoff and its subsidiaries (together referred to as the group) and the group's interest in associate companies and joint-venture companies.

The interim consolidated financial statements have been prepared by management in compliance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). These interim consolidated financial statements have been prepared in compliance with IAS 34 Interim Financial Reporting. Accordingly, these interim consolidated financial statements do not include all of the information and notes required for consolidated financial statements at financial year-ends. Therefore, these interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 June 2015. The accounting policies applied in the consolidated financial statements for the year ended 30 June 2015, have been applied to these interim consolidated financial statements except during the period under review, the group adopted all the IFRS and interpretations that were effective for financial years beginning on or after 1 January 2015. None of these standards and interpretations had a material impact on the results.

Upon the listing of Steinhoff on the prime standard of the FSE, Steinhoff changed its functional and presentation currencies from South African rand to euro. For more detail on the restatement refer to note 12.

The interim consolidated financial statements have been presented in millions of euros (€m) and are prepared on the historical-cost basis, except for certain assets and liabilities carried at amortised cost and certain financial instruments which are carried at fair value.

The results of operations for the six months ended 31 December 2015, are not necessarily indicative of the results to be expected for the entire year.

	Six months ended 31 Dec 2015 Unaudited €m	Six months ended 31 Dec 2014 Unaudited €m	Year ended 30 Jun 2015 Audited €m
<b>2 OPERATING PROFIT</b>			
<b>2.1 Reconciliation to earnings before interest, taxation, depreciation and amortisation (EBITDA)</b>			
Operating profit	802	485	1 297
Amortisation and depreciation	116	79	162
Capital items (refer note 2.2)	–	(5)	(182)
<b>EBITDA</b>	<b>918</b>	<b>559</b>	<b>1 277</b>
<b>2.2 Capital items</b>			
Capital items reflect and affect the resources committed in producing operating/trading performance and are not the performance itself. These items deal with the platform/capital base of the entity. Capital items are required to be reported by the Johannesburg Stock Exchange (JSE), where the group has its secondary listing, as part of the calculation of headline earnings.			
Impairments	1	–	67
Loss/(profit) on disposal of intangible assets	1	(10)	1
Loss on scrapping of vehicle rental fleet, and disposal of property, plant and equipment	4	5	7
Profit on disposal and dilution of investments	(6)	–	(257)
	–	(5)	(182)



	Six months ended 31 Dec 2015 Unaudited €m	Six months ended 31 Dec 2014 Unaudited €m	Year ended 30 Jun 2015 Audited €m
<b>3 TAXATION</b>			
<b>Reconciliation of profit before taxation to adjusted profit before taxation</b>			
Profit before taxation	749	496	1 210
Share of profit of equity accounted companies	(31)	(13)	(41)
Capital items	–	(5)	(182)
<b>Adjusted profit before taxation</b>	<b>718</b>	<b>478</b>	<b>987</b>
<b>Reconciliation of taxation to taxation before capital items</b>			
Taxation	108	53	96
Taxation on capital items	2	(2)	(3)
<b>Taxation before capital items</b>	<b>110</b>	<b>51</b>	<b>93</b>
<b>Effective rate of taxation based on adjusted profit before taxation (%)</b>	<b>15.3</b>	<b>10.7</b>	<b>9.4</b>
<b>4 DISCONTINUED OPERATIONS</b>			
Management has entered into a transaction with a European private equity firm to dispose JD Group's Financial Services division including its insurance operations. This transaction is currently waiting for South African Competition Commission's and the South African Financial Services Board's approval.			
Revenue	74	87	153
Loss after taxation	(6)	(90)	(135)
Profit/(loss) on disposal of discontinued operations	2	(22)	(23)
Attributable income taxation	–	6	3
<b>Loss for the period from discontinued operations</b>	<b>(4)</b>	<b>(106)</b>	<b>(155)</b>
Capital items before taxation included in loss for the period	2	(22)	(17)

# Notes to the interim consolidated financial statements

for the six months ended 31 December 2015 (continued)

	Six months ended 31 Dec 2015 Unaudited Cents	Six months ended 31 Dec 2014 Unaudited Cents	Year ended 30 Jun 2015 Audited Cents
<b>5 EARNINGS PER SHARE</b>			
The capitalisation issue alternative on 13 November 2015, led to the restatement of the prior period's per share numbers, none of which resulted in a deviation of more than 1.5%.			
<b>Basic earnings per share</b>			
Continuing operations	17.0	17.5	39.3
Discontinued operations	(0.1)	(3.6)	(4.8)
Basic earnings per share	16.9	13.9	34.5
<b>Diluted earnings per share</b>			
Continuing operations	16.1	15.9	35.9
Discontinued operations	(0.1)	(3.0)	(4.1)
Diluted earnings per share	16.0	12.9	31.8
<b>Headline earnings per share</b>			
Continuing operations	16.9	17.3	32.6
Discontinued operations	(0.2)	(3.1)	(4.3)
Headline earnings per share	16.7	14.2	28.3
<b>Diluted headline earnings per share</b>			
Continuing operations	16.0	15.7	30.3
Discontinued operations	(0.1)	(2.5)	(3.7)
Diluted headline earnings per share	15.9	13.2	26.6
<b>Net asset value per share</b>	320	285	353

## Net asset value (NAV)

The NAV of the group decreased from €13.4 billion at 30 June 2015 to €12.4 billion at 31 December 2015 which resulted in a 9% reduction in the NAV per share from 353 cents to 320 cents per share. This decrease is as a result of the South African rand assets that were reported in euro taking into account a 24% devaluation of the South African rand compared to the euro.

	Six months ended 31 Dec 2015 Unaudited Million	Six months ended 31 Dec 2014 Unaudited Million	Year ended 30 Jun 2015 Audited Million
<b>5.1 Weighted average number of ordinary shares</b>			
Issued ordinary shares at beginning of the year	3 662	2 110	2 110
Effect of own shares held	(84)	(10)	(68)
Effect of capitalisation issue alternative	47	31	34
Effect of rights issue and accelerated bookbuild	–	315	333
Effect of shares issued	75	15	362
<b>Weighted average number of ordinary shares</b>	<b>3 700</b>	<b>2 461</b>	<b>2 771</b>
Effect of dilutive potential ordinary shares – convertible bonds	363	528	473
Effect of dilutive potential ordinary shares – other	20	17	25
<b>Diluted weighted average number of ordinary shares</b>	<b>4 083</b>	<b>3 006</b>	<b>3 269</b>

	Continuing operations €m	Discontinued operations €m	Total €m
<b>5.2 Earnings and headline earnings</b>			
<b>31 December 2015</b>			
Profit/(loss) for the period	641	(4)	637
Attributable to non-controlling interests	(2)	–	(2)
Profit/(loss) attributable to owners of the parent	639	(4)	635
Dividend entitlement on cumulative preference shares	(12)	–	(12)
<b>Earnings/(loss) attributable to ordinary shareholders</b>	<b>627</b>	<b>(4)</b>	<b>623</b>
Capital items	–	(2)	(2)
Taxation effect of capital items	(2)	1	(1)
Capital items of equity accounted companies (net of taxation)	(2)	–	(2)
<b>Headline earnings</b>	<b>623</b>	<b>(5)</b>	<b>618</b>
<b>31 December 2014</b>			
Profit/(loss) for the period	443	(106)	337
Attributable to non-controlling interests	(4)	16	12
Profit/(loss) attributable to owners of the parent	439	(90)	349
Dividend entitlement on cumulative preference shares	(8)	–	(8)
<b>Earnings/(loss) attributable to ordinary shareholders</b>	<b>431</b>	<b>(90)</b>	<b>341</b>
Capital items	(5)	22	17
Taxation effect of capital items	(2)	(6)	(8)
Non-controlling interests' portion of capital items	–	(2)	(2)
Capital items of equity accounted companies (net of taxation)	1	–	1
<b>Headline earnings</b>	<b>425</b>	<b>(76)</b>	<b>349</b>
<b>30 June 2015</b>			
Profit/(loss) for the year	1 114	(155)	959
Attributable to non-controlling interests	(6)	23	17
Profit/(loss) attributable to owners of the parent	1 108	(132)	976
Dividend entitlement on cumulative preference shares	(18)	–	(18)
<b>Earnings/(loss) attributable to ordinary shareholders</b>	<b>1 090</b>	<b>(132)</b>	<b>958</b>
Capital items	(182)	17	(165)
Taxation effect of capital items	(3)	(3)	(6)
Non-controlling interests' portion of capital items	–	(1)	(1)
Capital items of equity accounted companies (net of taxation)	2	–	2
<b>Headline earnings</b>	<b>907</b>	<b>(119)</b>	<b>788</b>

# Notes to the interim consolidated financial statements

for the six months ended 31 December 2015 (continued)

	Continuing operations €m	Discontinued operations €m	Total €m
<b>5.3 Diluted earnings and diluted headline earnings per share</b>			
<b>31 December 2015</b>			
Earnings/(loss) attributable to ordinary shareholders	627	(4)	623
Dilutive adjustment to earnings – convertible bonds	30	–	30
<b>Dilutive earnings/(loss) attributable to owners of the parent</b>	<b>657</b>	<b>(4)</b>	<b>653</b>
Capital items net of taxation and capital items of equity accounted companies	(4)	(1)	(5)
<b>Diluted headline earnings</b>	<b>653</b>	<b>(5)</b>	<b>648</b>
<b>31 December 2014</b>			
Earnings/(loss) attributable to ordinary shareholders	431	(90)	341
Dilutive adjustment to earnings – convertible bonds	46	–	46
<b>Dilutive earnings/(loss) attributable to owners of the parent</b>	<b>477</b>	<b>(90)</b>	<b>387</b>
Capital items net of taxation and non-controlling interests' portion and capital items of equity accounted companies	(6)	14	8
<b>Diluted headline earnings</b>	<b>471</b>	<b>(76)</b>	<b>395</b>
<b>30 June 2015</b>			
Earnings/(loss) attributable to ordinary shareholders	1 090	(132)	958
Dilutive adjustment to earnings – convertible bonds	85	–	85
<b>Dilutive earnings/(loss) attributable to owners of the parent</b>	<b>1 175</b>	<b>(132)</b>	<b>1 043</b>
Capital items net of taxation and non-controlling interests' portion and capital items of equity accounted companies	(183)	13	(170)
<b>Diluted headline earnings</b>	<b>992</b>	<b>(119)</b>	<b>873</b>
	31 Dec 2015 Unaudited €m	31 Dec 2014 Unaudited €m	30 Jun 2015 Audited €m
<b>6 GOODWILL AND INTANGIBLE ASSETS</b>			
Carrying amount at beginning of the year	9 955	4 536	4 536
Arising on business combinations	573	–	5 307
Amortisation	(10)	(9)	(17)
Impairment	(1)	–	(64)
Exchange differences on consolidation of foreign subsidiaries	(1 074)	24	163
Other	14	–	30
<b>Carrying amount at end of period</b>	<b>9 457</b>	<b>4 551</b>	<b>9 955</b>

Intangible assets comprise of the group's trade and brand names, software and ERP systems as well as dealership agreements.

Goodwill is allocated to cash-generating units and tested annually for impairment, or more frequently when there is an indication that the unit may be impaired. Goodwill and intangible assets were tested for impairment on 30 June 2015 and there have been no subsequent indications that goodwill or intangible assets should be impaired.

	31 Dec 2015 Unaudited Million	31 Dec 2014 Unaudited Million	30 Jun 2015 Audited Million
<b>7 ORDINARY SHARE CAPITAL</b>			
The authorised share capital comprises 17 500 000 000 ordinary shares of 50 cents par value.			
Number of ordinary shares in issue	3 873	2 528	3 662
Treasury shares	(160)	(10)	(10)
	<b>3 713</b>	<b>2 518</b>	<b>3 652</b>

	Steinhoff N.V. (incl. kika-Leiner) €m	Other €m	Total €m
<b>8 ACQUISITION OF SUBSIDIARIES AND BUSINESSES</b>			
On 7 December 2015, Steinhoff acquired Steinhoff International Holdings Limited in a one-for-one share swap. On the same date Steinhoff acquired the kika-Leiner group. The above transaction is accounted for as a reverse acquisition for accounting purposes. Please refer to the CFO's report for further details of the transaction.			
The value of the assets and liabilities acquired were as follows:			
Assets	853	51	904
Liabilities	(392)	(6)	(398)
Working capital	(441)	(40)	(481)
Total assets and liabilities acquired	20	5	25
Goodwill	–	18	18
Total consideration paid	20	23	43

The group has applied initial accounting for its business combinations, and therefore has a period of one year after the acquisition date to adjust the provisional amounts recognised.



# Notes to the interim consolidated financial statements

for the six months ended 31 December 2015 (continued)

	At fair value through profit or loss €m	Available for sale financial assets €m	Loans and receivables and other financial liabilities at amortised cost €m	Total €m
<b>9 FINANCIAL INSTRUMENTS</b>				
<b>9.1 Total financial instruments</b>				
<b>31 December 2015</b>				
Non-current investments and loans	5	22	617	644
Non-current trade and other receivables (financial assets)	12	–	–	12
Current trade and other receivables (financial assets)	49	–	932	981
Current investments and loans	228	–	514	742
Cash and cash equivalents	–	–	3 068	3 068
Non-current interest-bearing loans and borrowings	–	–	(4 445)	(4 445)
Non-current trade and other payables (financial liabilities)	(6)	–	–	(6)
Current interest-bearing loans and borrowings	–	–	(347)	(347)
Bank overdrafts and short-term facilities	–	–	(464)	(464)
Current trade and other payables (financial liabilities)	(1)	–	(3 472)	(3 473)
<b>Total financial instruments</b>	<b>287</b>	<b>22</b>	<b>(3 597)</b>	<b>(3 288)</b>
<b>31 December 2014</b>				
Non-current investments and loans	29	333	479	841
Non-current trade and other receivables (financial assets)	5	–	4	9
Current trade and other receivables (financial assets)	32	–	1 107	1 139
Current investments and loans	–	–	521	521
Cash and cash equivalents	–	–	1 316	1 316
Non-current interest-bearing loans and borrowings	–	–	(3 237)	(3 237)
Non-current trade and other payables (financial liabilities)	(5)	–	–	(5)
Current interest-bearing loans and borrowings	(120)	–	(311)	(431)
Bank overdrafts and short-term facilities	–	–	(8)	(8)
Current trade and other payables (financial liabilities)	(3)	–	(2 290)	(2 293)
<b>Total financial instruments</b>	<b>(62)</b>	<b>333</b>	<b>(2 419)</b>	<b>(2 148)</b>
<b>30 June 2015</b>				
Non-current investments and loans	6	26	461	493
Non-current trade and other receivables (financial assets)	10	–	–	10
Current trade and other receivables (financial assets)	19	–	1 098	1 117
Current investments and loans	118	–	538	656
Cash and cash equivalents	–	–	2 794	2 794
Non-current interest-bearing loans and borrowings	–	–	(4 152)	(4 152)
Non-current trade and other payables (financial liabilities)	(7)	–	–	(7)
Current interest-bearing loans and borrowings	–	–	(431)	(431)
Bank overdrafts and short-term facilities	–	–	(137)	(137)
Current trade and other payables (financial liabilities)	(4)	–	(3 162)	(3 166)
<b>Total financial instruments</b>	<b>142</b>	<b>26</b>	<b>(2 991)</b>	<b>(2 823)</b>

	Fair value hierarchy	31 Dec 2015 Unaudited €m	31 Dec 2014 Unaudited €m	30 Jun 2015 Audited €m
<b>9.2 Fair values</b>				
Investments and loans	Level 1	236	348	129
Investments and loans	Level 2	19	14	21
Derivative financial assets	Level 2	61	37	29
Interest-bearing loans and borrowings	Level 2	–	(120)	–
Derivative financial liabilities	Level 2	(7)	(8)	(11)

#### Level 1

Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes listed shares and unit trusts.

#### Level 2

Valued using techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data. These inputs include published interest rate yield curves and foreign exchange rates.

	31 Dec 2015 Unaudited €m	31 Dec 2014 Unaudited €m	30 Jun 2015 Audited €m
<b>10 NET DEBT</b>			
Non-current interest-bearing liabilities	4 445	3 237	4 152
Current interest-bearing liabilities	347	431	431
Bank overdrafts	464	8	137
<b>Gross debt</b>	<b>5 256</b>	<b>3 676</b>	<b>4 720</b>
Cash and cash equivalents	(3 068)	(1 316)	(2 794)
<b>Net debt</b>	<b>2 188</b>	<b>2 360</b>	<b>1 926</b>
Equity	12 350	7 577	13 428
Net debt:equity	18%	31%	14%
EBITDA	918	559	1 277
Net finance charges	85	4	131
EBITDA interest cover (times)	10.8	139.8	9.7
<b>Unutilised borrowing facilities at end of period</b>	<b>2 428</b>	<b>1 713</b>	<b>2 157</b>

#### 11 CONTINGENT LIABILITIES

Certain companies in the group are involved in disputes where the outcomes are uncertain. However, the directors are confident that they will be able to defend these actions and that the potential of outflow or settlement is remote and, if not, that the potential impact on the group will not be material.

One of the group's relationships with a joint venture partner in Europe ended in disputes which are currently the subject matter of ongoing legal proceedings. These disputes relate to alleged breaches arising from agreements with the former joint venture partner. Management believes that the outcome of the disputes will not affect the group's ownership structure in the entities concerned as only a monetary remedy would be required to be paid by the group. The payment of any such monetary remedy would not have a material adverse effect on the trading and/or financial condition of the group. Management believes that adequate provisions have been made for the related liabilities which may result from the dispute in the consolidated results. For further details around the dispute please refer to the prospectus dated 19 November 2015 which is available on the group's website.

There is no other litigation, current or pending, which is considered likely to have a material adverse effect on the group.

The group has a number of guarantees and sureties outstanding at the end of the period. However, the directors are confident that no material liability will arise as a result of these guarantees and sureties.

# Notes to the interim consolidated financial statements

for the six months ended 31 December 2015 (continued)

## 12 RESTATEMENT, CAPITALISATION ISSUE ALTERNATIVE AND IMPACT OF APPLICATION OF IFRS FOR EU

### Restatement

The restatement resulted from the change in the group's presentation and functional currencies from South African rand to euro, as allowed by International Accounting Standard 21 The Effects of Changes in Foreign Exchange Rates (IAS 21). In line with the requirements of IAS 21, a change in the presentation currency of an entity is a change in accounting policy, which must be applied retrospectively in terms of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8). A change in functional currency of an entity is a change in estimate, which must be applied prospectively in terms of IAS 8.

The retrospective restatement had the following impact on the previously rand reported numbers:

- a) The assets and liabilities for the statements of financial position have been translated at the closing rate at the date of the statement of financial position.
- b) Income and expenses for the statements presenting profit or loss and other comprehensive income have been translated at the average exchange rate for that period.
- c) Equity balances were translated at spot rate on 30 June 2012 (rand:euro 10.3447:1), the date the group determined was most practicable to apply retrospective application. Thereafter the movements in equity are translated at average exchange rates.
- d) The resulting exchange differences have been recognised in other comprehensive income as part of the foreign currency translation reserve.

No detailed analysis of the effects is presented as it affects all line items in the statement of financial position, statement of comprehensive income and statement of cash flows and thus is presented in the primary statements.

### Capitalisation issue alternative

The capitalisation issue alternative on 13 November 2015, led to the restatement of the prior periods' per share numbers, none of which resulted in a deviation of more than 1.5%. 49.2 million shares were issued under the capitalisation issue alternative.

### Application of IFRS for EU

The application of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), as a result of the group's listing on the FSE on 7 December 2015 had no impact on the previously reported results.

### Segmental re-presentation

The December 2014 segments have been re-presented in order to reflect the new group structure. Geographical segments have been updated to include the operations in the United Kingdom (UK) as part of the Europe segment. Previously, the UK was included in the other segment. A reallocation of segmental assets was effective between the household goods and automotive segments to better reflect the allocation of assets.

13 **STEINHOFF INVESTMENT HOLDINGS LIMITED (STEINHOFF INVESTMENTS) – DIVIDEND TO PREFERENCE SHAREHOLDERS**

Registration number: 1954/001893/06  
(Incorporated in the Republic of South Africa)  
**JSE Code:** SHFF **ISIN:** ZAE000068367

Preference shareholders are referred to the attached results of Steinhoff for a full appreciation of the consolidated results and financial position of Steinhoff Investments.

The board has declared a gross dividend of 396 rand cents per preference share on 29 February 2016, in respect of the period from 1 July 2015 to 31 December 2015 (the dividend period), payable on Monday, 18 April 2016, to those preference shareholders recorded in the books of the company at the close of business on Friday, 15 April 2016.

The dividend will be payable in the currency of South Africa. The dividend is subject to a local dividend tax rate of 15%, resulting in a net dividend of 336.6 rand cents per preference share, unless the shareholder is exempt from dividend tax or is entitled to a reduced rate in terms of the applicable double-tax agreement. The Steinhoff Investments' income tax reference number is: 9375046712. At the date of declaration, there were 15 000 000 preference shares in issue.

<b>Anticipated dates:</b>	<b>2016</b>
Last date to trade <i>cum</i> dividend	Friday, 8 April
Shares trade <i>ex</i> dividend	Monday, 11 April
Record date	Friday, 15 April
Payment date	Monday, 18 April

Share certificates may not be dematerialised or rematerialised between Monday, 11 April 2016 and, Friday, 15 April 2016, both days inclusive.

The anticipated declaration date of the next preference share dividend is Tuesday, 6 September 2016; further details to follow with further announcements.

**On behalf of the board of directors**

Len Konar: *Non-executive director*  
Piet Ferreira: *Executive director*  
29 February 2016

## Annexures





**STEINHOFF**  
INTERNATIONAL HOLDINGS N.V.

<b>Annexures</b>	<b>59</b>
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## Annexure 1 – Store network development

HOUSEHOLD GOODS						STORE			
		FY12	FY13	FY14	FY15	OPENINGS	CLOSURES	HIFY16	Retail area m <sup>2</sup>
Australia	Snooze	72	69	74	76	2	–	78	84 113
	Poco	–	1	1	1	1	–	2	11 898
Australia and New Zealand	Freedom	58	57	61	61	3	(1)	63	124 052
Austria	kika-Leiner	–	–	–	–	50	–	50	506 172
Croatia	Emmezeta	3	3	3	7	–	–	7	91 339
Czech Republic	kika-Leiner	–	–	–	–	8	–	8	55 080
France	Conforama	203	207	207	205	–	–	205	745 326
Germany	Poco	95	97	103	107	2	–	109	628 879
Hungary	kika-Leiner	–	–	–	–	8	–	8	61 681
Iberia	Conforama	24	25	26	30	4	–	34	141 284
Italy	Conforama	16	15	15	15	–	–	15	123 610
Netherlands	Poco	–	–	–	1	–	–	1	6 403
Poland	Abra	80	85	89	97	11	(8)	100	67 250
	Poco	–	–	1	1	–	–	1	5 378
Romania	kika-Leiner	–	–	–	–	1	–	1	11 136
Serbia	Conforama	–	–	–	1	–	–	1	11 057
Slovakia	kika-Leiner	–	–	–	–	4	–	4	21 542
South Africa	Poco	–	–	1	1	–	–	1	6 871
Southern Africa	JD Group	1 186	1 193	1 223	1 152	77	(22)	1 207	701 524
Switzerland	Conforama	13	15	27	22	1	–	23	81 742
	Lipo	12	13	22	22	1	(1)	22	74 434
United Kingdom	Bensons for Beds	283	274	267	262	21	(15)	268	148 402
	Harveys	157	152	156	157	4	(7)	154	135 346
TOTAL RETAIL OUTLETS		2 202	2 206	2 276	2 218	+198	(54)	2 362	
TOTAL RETAIL SPACE (m <sup>2</sup> )									3 844 519

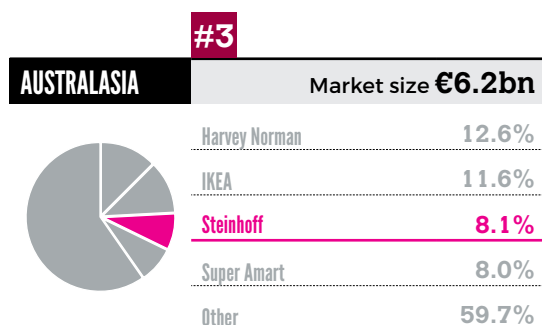
GENERAL MERCHANDISE					STORE			
		FY15	OPENINGS	CLOSURES	H1FY16	Retail area m <sup>2</sup>		
Australia and New Zealand	Best&Less, Harris Scarfe, Mozi, Postie, Store&Order	333	6	(4)	335	355 586		
France	MacDan	13	2	–	15	24 594		
Poland, Slovakia, Czech Republic, Romania, Hungary	PEPCO	696	129	(1)	824	287 872		
Rest of Africa	Pep, Powersales	265	26	(4)	287	220 602		
Southern Africa	Pep	1 867	57	(4)	1 920	717 674		
	Ackermans	485	47	–	532	363 579		
	Dunns, John Craig, Shoe City	452	7	(6)	453	119 440		
United Kingdom	PEP&CO	–	50	–	50	16 491		
TOTAL RETAIL OUTLETS		4 111	+324	(19)	4 416			
TOTAL RETAIL SPACE (m <sup>2</sup> )						2 105 838		

AUTOMOTIVE					STORE				
		FY12	FY13	FY14	FY15	OPENINGS	CLOSURES	H1FY16	Retail area m <sup>2</sup>
Southern Africa	Unitrans	80	83	84	87	1	–	88	362 907
	Hertz	35	32	34	46	1	–	47	17 586
TOTAL RETAIL OUTLETS		115	115	118	133	+2	–	135	
TOTAL RETAIL SPACE (m <sup>2</sup> )								380 493	

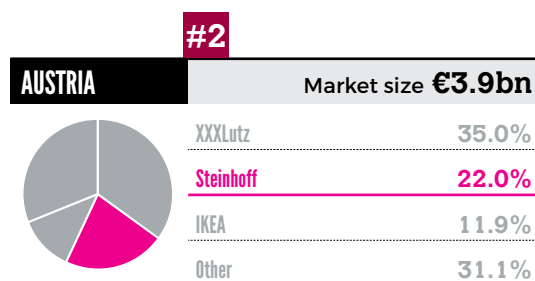
TOTAL GROUP RETAIL OUTLETS		2 317	2 321	2 404	6 462	+524	(73)	6 913	
TOTAL RETAIL SPACE (m <sup>2</sup> )								6 330 850	

## Annexure 2 – Retail markets and positioning

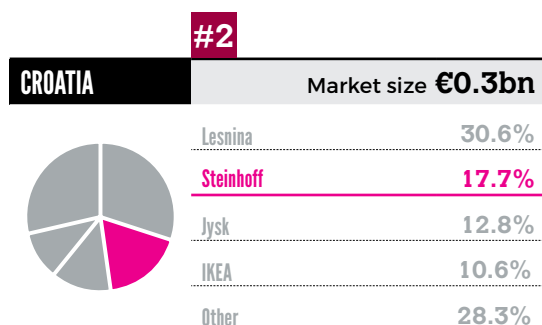
### HOUSEHOLD GOODS



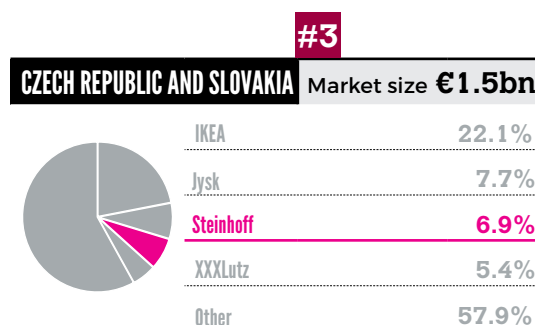
Source: Australian Bureau of Statistics 2014



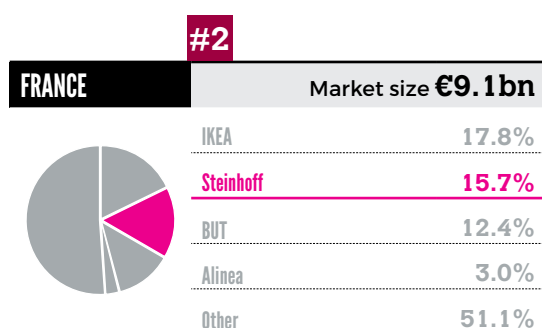
Source: Regioplan and internal sources 2015



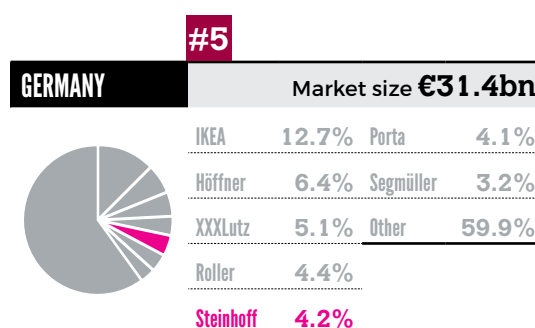
Source: FINA 2014



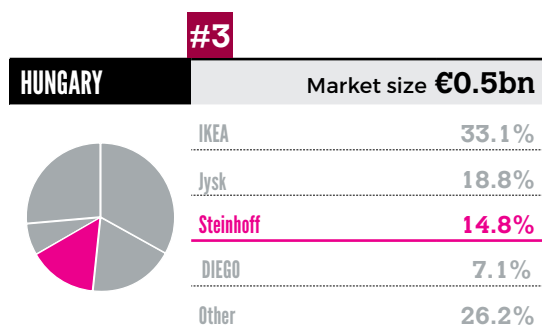
Source: Euromonitor 2015



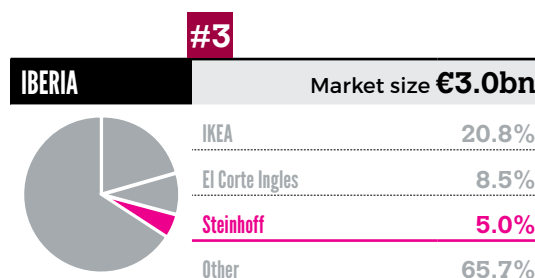
Source: IPEA 2014



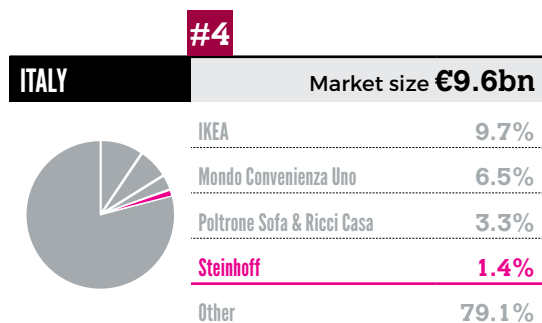
Source: Holzmann 2014



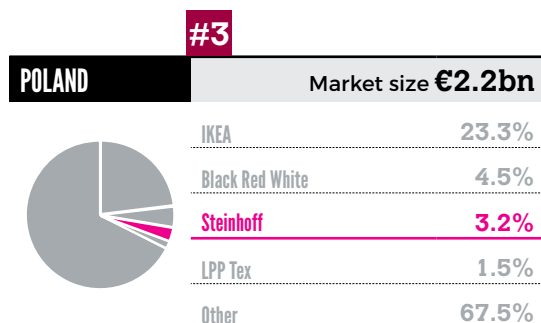
Source: Euromonitor 2015



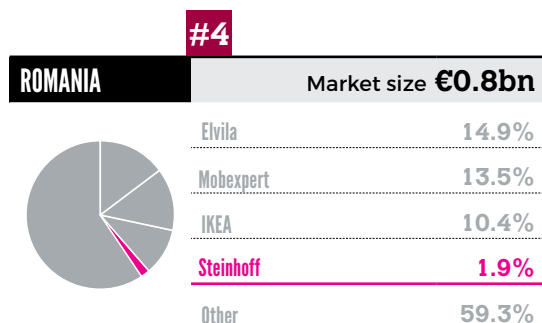
Source: GfK 2014



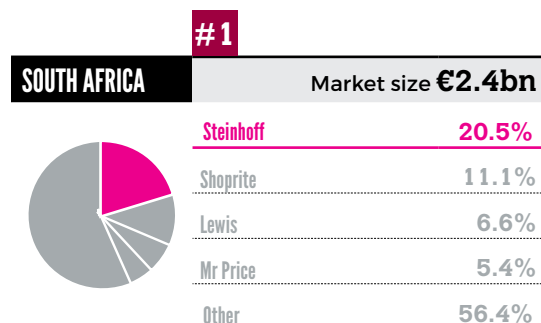
Source: CSIL, GFK 2014



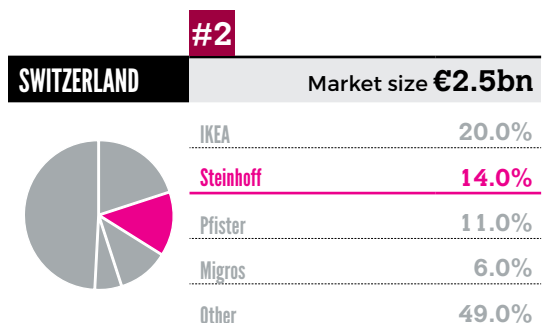
Source: Euromonitor 2014



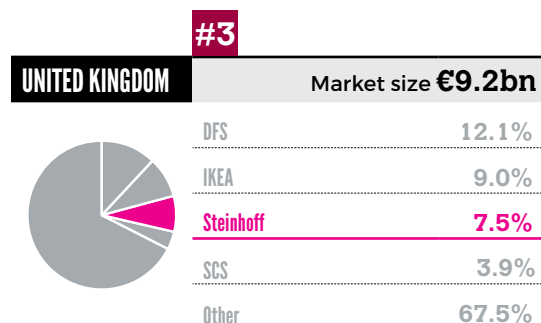
Source: Euromonitor, Romanian Chamber of Commerce 2015



Source: Stats SA & Euromonitor 2014



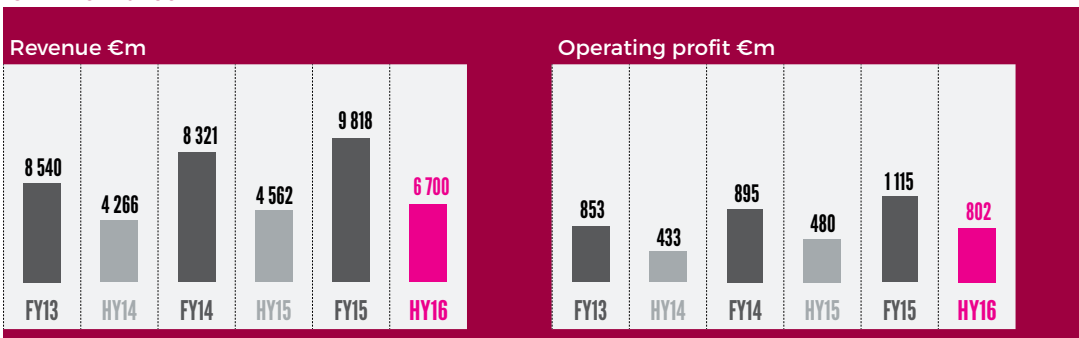
Source: GFK 2014



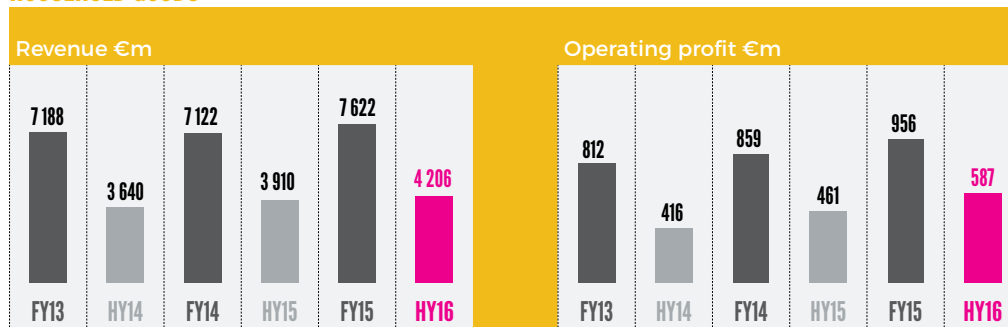
Source: Verdict 2015

## Annexure 3 – Historic performance

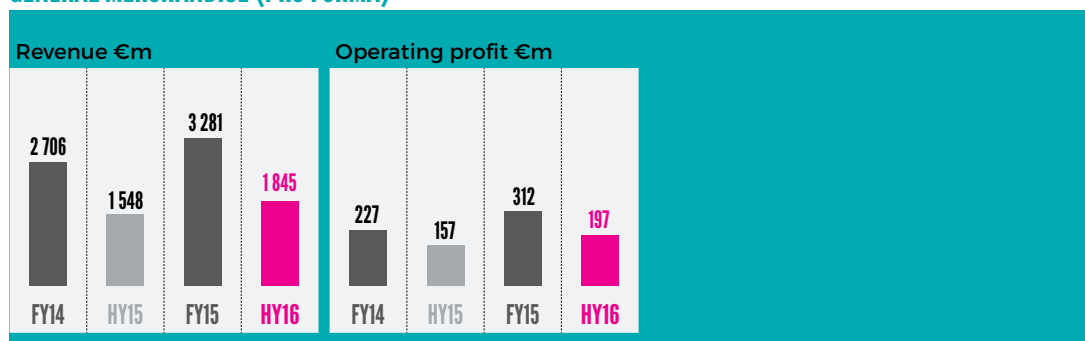
### STEINHOFF GROUP



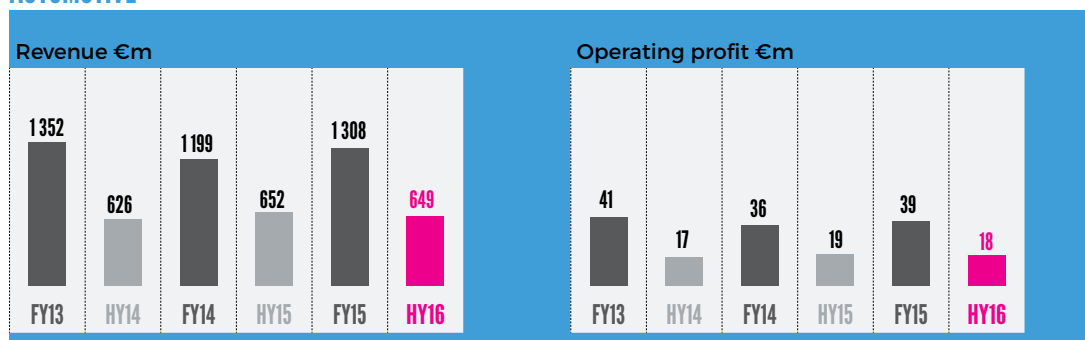
### HOUSEHOLD GOODS



### GENERAL MERCHANDISE (PRO FORMA)



### AUTOMOTIVE

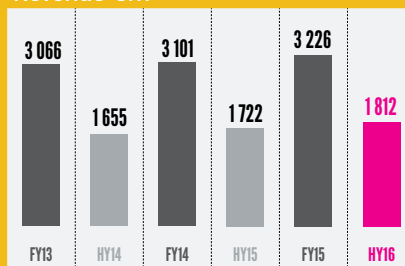


FY refers to the financial year of 12 months, HY refers to the interim period of six months

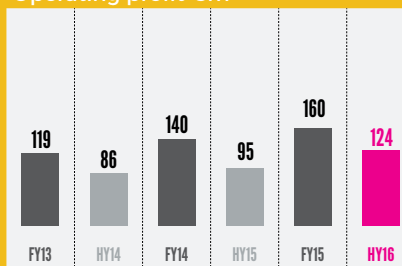


## CONFORAMA

### Revenue €m

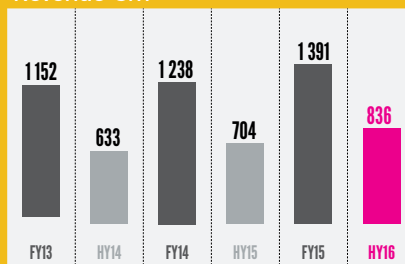


### Operating profit €m

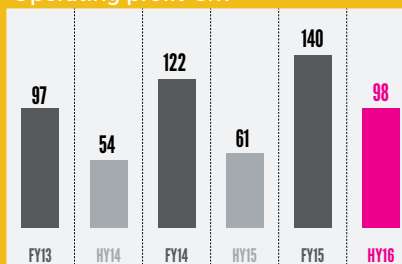


## ERM

### Revenue €m

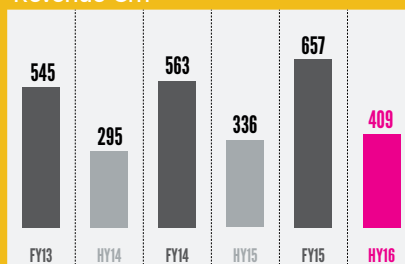


### Operating profit €m

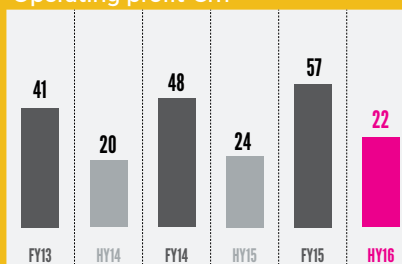


## UNITED KINGDOM

### Revenue €m

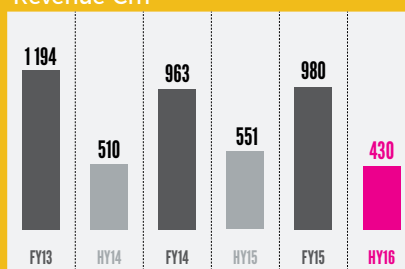


### Operating profit €m

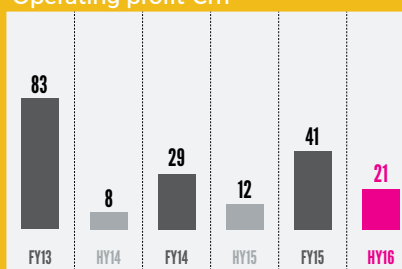


## AFRICA

### Revenue €m

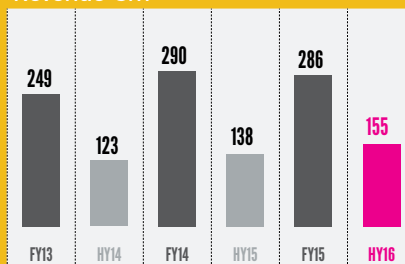


### Operating profit €m

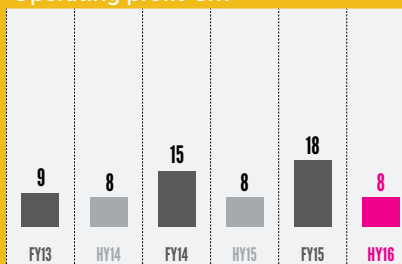


## AUSTRALASIA

### Revenue €m



### Operating profit €m



FY refers to the financial year of 12 months, HY refers to the interim period of six months

## Annexure 4 – Share information

### SHARE STATISTICS

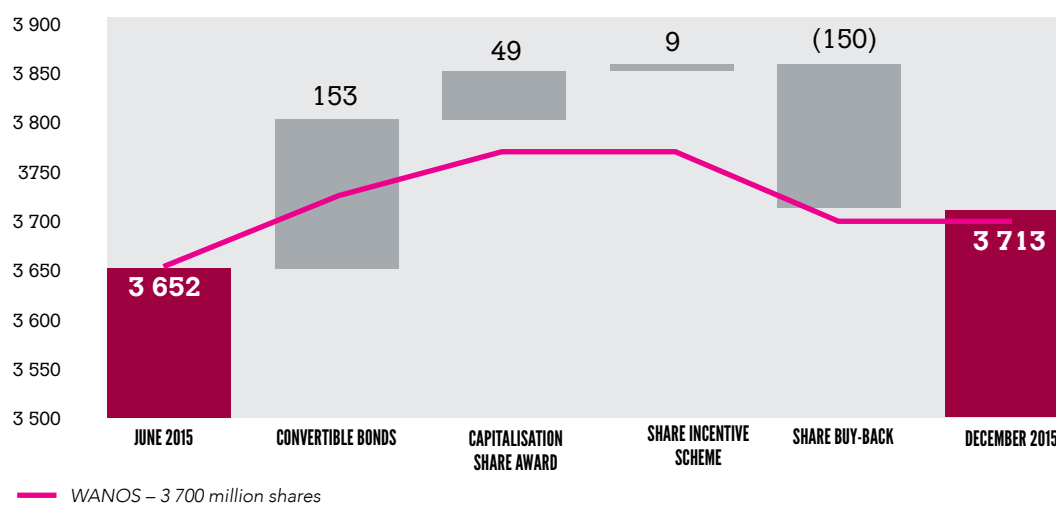
Stock Exchange	FSE	JSE
Stock symbol	SNH Xetra	SNH SJ
ISIN	NL0011375019	NL0011375019
Initial listing	Dec 2015	Sep 1998 <sup>1</sup>
Opening share price	€5.00 <sup>2</sup>	ZAR79.20 <sup>3</sup>
Closing share price <sup>4</sup>	€4.78	ZAR78.51
Highest share price during period	€5.15	ZAR87.38
Lowest share price during period	€4.26	ZAR72.36
Market capitalisation (bn) <sup>4</sup>	€18.45	ZAR303.3
Number of shares in issue (m) – 31 Dec 2015 <sup>5</sup>	3 713	3 713

<sup>1</sup> Original listing of Steinhoff International Holdings Limited <sup>2</sup> As at 7 December 2015 <sup>3</sup> As at 1 July 2015 <sup>4</sup> As at 31 December 2015

<sup>5</sup> As at 31 December 2015, net of treasury shares

Source: Datastream Deutsche Bank

### EQUITY – SHARES ISSUED DURING H1FY16



## Annexure 5 – Exchange rates

	AVERAGE TRANSLATION RATE			CLOSING TRANSLATION RATE		
	H1FY16	H1FY15	% Change	31 December 2015	30 June 2015	% Change
EUR:ZAR	15.0444	14.159	6.3%	16.8253	13.5628	24.1%
EUR:PLN	4.2254	4.1927	0.8%	4.2639	4.1911	1.7%
EUR:GBP	0.7197	0.7915	(9.1%)	0.7340	0.7114	3.2%
EUR:AUD	1.5269	1.4459	5.6%	1.4897	1.4550	2.4%
EUR:USD	1.1035	1.2883	(14.3%)	1.0887	1.1189	(2.7%)
EUR:CHF	1.0785	1.2081	(10.7%)	1.0835	1.0413	4.1%

## Annexure 6 – Management and supervisory boards and executive management

### MANAGEMENT BOARD



**Markus Jooste** (55)  
BAcc, CA(SA)  
Group chief executive officer



**Danie van der Merwe** (57)  
BCom, LLB  
Group chief operating officer

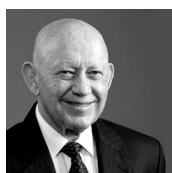


**Ben la Grange** (42)  
BCom (Law), CA(SA)  
Group chief financial officer

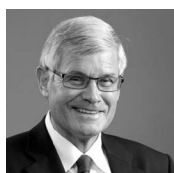
### SUPERVISORY BOARD



**Steve Booysse** (53)  
BCompt (Hons)  
(Accounting), MCompt,  
DCom (Accounting), CA(SA)



**Dave Brink** (76)  
MSc Eng (Mining), DCom  
(hc), Graduate Diploma in  
Company Direction



**Claas Daun** (72)  
BAcc, CA  
Deputy chairman



**Thierry Guibert** (45)  
MBA (FR)



**Len Konar** (62)  
BCom, MAS, DCom,  
CA(SA), CRMA  
Chairman



**Angela Krüger-Steinhoff** (43)  
BCom (Economic Science)



**Theunie Lategan** (59)  
BAcc (Hons), MCompt,  
DCom (Accounting), CA  
(SA), Advanced Diploma  
Banking Law



**Jannie Mouton** (69)  
BCom (Hons), CA(SA), AEP



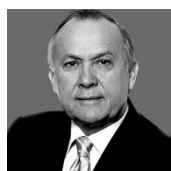
**Heather Sonn** (44)  
BA (Political Science), MSc  
(International Business)



**Bruno Steinhoff** (77)



**Paul van den Bosch** (53)  
BEcon, MBA



**Christo Wiese** (75)  
BA, LLB, DCom (hc)

### EXECUTIVE MANAGEMENT



**Johann du Plessis**  
Director: Legal services



**Pieter Erasmus**  
Group managing director:  
Pepkor



**Piet Ferreira**  
Director: Mergers and  
acquisitions



**Peter Griffiths**  
Chief executive officer:  
JD Group



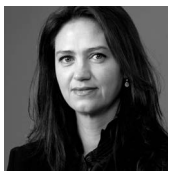
**Stéphan Grobler**  
Director: Group treasury  
and financing activities



**Jo Grové**  
Executive deputy chairman:  
KAP Industrial Holdings Ltd



**Frikkie Nel**  
Financial director



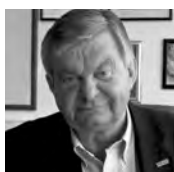
**Mariza Nel**  
Director: Corporate services



**Alexandre Nodale**  
Chief executive officer:  
Conforama



**Hein Odendaal**  
Executive: Group audit



**Peter Pohlmann**  
Chairman, supervisory  
board: ERM



**Dirk Schreiber**  
Chief financial officer:  
Steinhoff Europe



**Sean Summers**  
Chief executive officer:  
UK Retail

## FINANCIAL CALENDAR

<b>Quarter 3</b>	
Trading update	<b>Monday, 31 May 2016</b>
<b>Announcement of annual results</b>	
Conference call, webcast.	
Anticipated declaration of ordinary dividend	<b>Tuesday, 6 September 2016</b>
<b>Quarter 1</b>	
Trading update	<b>Tuesday, 29 November 2016</b>
Annual general meeting of Steinhoff International Holdings N.V.	<b>Friday, 2 December 2016</b>
Anticipated payment date of ordinary dividend	<b>Monday, 5 December 2016</b>

## CORPORATE AND CONTACT INFORMATION

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**STEINHOFF**  
INTERNATIONAL HOLDINGS N.V.

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For further publications and additional information, please refer to the company website:

**[www.steinhoffinternational.com](http://www.steinhoffinternational.com)**

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