

Company:	Truworths
Sector:	Fashion retail
Report Year:	2011
Headquarters:	Cape Town
Standard Application:	South African IRC (IIRC), IFRS
Format:	Listing

Material Topics

1 Managing the risk of fashion

2 Managing the risk of credit

3 Maximising supply chain efficiency

4 Expanding retail presence

5 Delivering sustained financial performance

6 Adopting leading information technology systems

7 Being the employer of choice in fashion

8 Accelerating transformation

These material topics are supported by sound operational, risk, governance and sustainability processes. The Group's values guide business practices and interaction with stakeholders.

Truworths International aims to generate sustainable returns for shareholders over the short, medium and longer-term. The Group offers attractive prospects for investors wanting exposure to the South African retail market and in particular the fashion apparel industry. The Investment Case should be read in conjunction with the material topics outlined on pages 12 to 21. While the material topics are reviewed and amended annually, the Investment Case focuses on a longer time horizon.

FOCUSED STRATEGY AND BUSINESS MODEL

Group Profile	pages 6 and 7
Our Business Philosophy	pages 8 and 9
Sustainable Future in Fashion	pages 12 to 21

- Focused on one business: retailing of fashion apparel and related merchandise
- Focused on one customer profile and not multiple market segments
- Ownership or long-term licensee of all significant retail brands
- Credit offered across all brands to facilitate sales
- Low-cost operating model and internal culture of cost-consciousness
- Integrated retail and operations structure
- Strong organic growth complemented by strategic acquisitions to extend fashion offering
- Proven ability to integrate acquisitions

MARKET LEADERSHIP IN FASHION

Sustainable Future in Fashion	pages 12 to 21
Managing the Risk of Fashion	pages 72 to 74

- Proven ability to manage the risk of fashion
- Consistent growth in Retail Liaison Committee (RLC) clothing market share of ladies and menswear
- Exclusive fashion brands across all retail formats
- Diversified and balanced brand portfolio

EXPERIENCED MANAGEMENT TEAM

Board and Leadership	pages 38 and 39
Human Capital Report	pages 88 to 92

- Director and divisional director team members have an average of 13 years' Group experience
- Strong divisional and executive management leadership team
- Succession management plans for senior and middle management

SUSTAINED PERFORMANCE AND WEALTH CREATION

Wealth Creation	pages 22 and 23
Chief Financial Officer's Report	pages 42 to 49

- Track record of consistent growth in sales and profit
- Headline earnings per share: 10-year compound growth of 26%
- Dividends per share: 10-year compound growth of 34%
- Gross and operating margins at globally competitive levels
- Strong free cash flow generation
- Capital management programme enhances earnings and returns
- Strong and continually strengthening financial position
- Shareholder wealth creation of R31 billion over the last ten years
- Capital investment of R1.5 billion over the last ten years