STEINHOFF
INTERNATIONAL HOLDINGS N.V.

QUARTERLY UPDATE

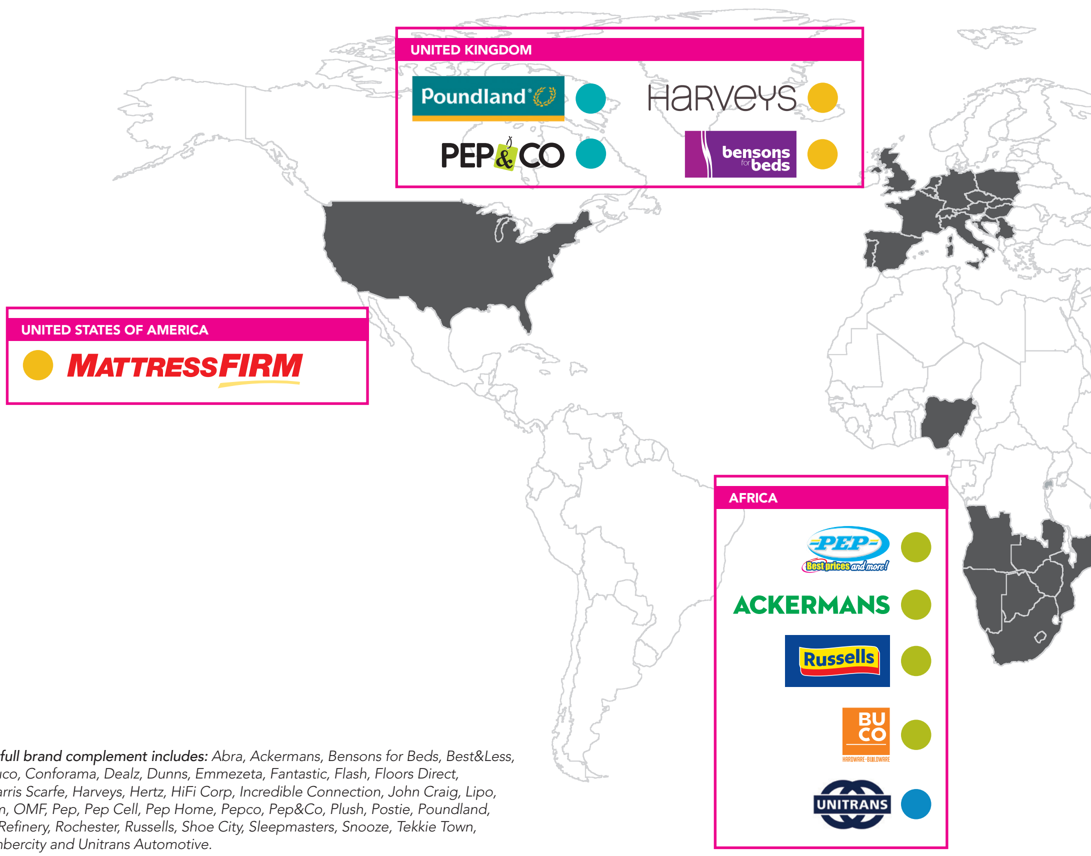
NINE MONTHS ENDED 30 JUNE 2018 (9MFY18)
(UNAUDITED)

FOR LIFE AND FOR HOME . . .

APPLIANCES
BUILDING MATERIALS AND DIY PRODUCTS
CLOTHING
CELLULAR PRODUCTS
CONSUMER ELECTRONICS
AND TECHNOLOGY PRODUCTS
FMCG
FOOTWEAR
FURNITURE AND BEDDING
GENERAL MERCHANDISE
HOUSEHOLD GOODS
HOME ACCESSORIES
PERSONAL ACCESSORIES
SELECTED FINANCIAL SERVICES
AUTOMOTIVE

STEINHOFF TODAY ...

... adds value to its customers' lifestyles by providing **everyday products** at **affordable prices** and serving customers at **their convenience** with more than 40 local brands in over 30 countries



The group's full brand complement includes: *Abra, Ackermans, Bensons for Beds, Best&Less, Bradlows, Buco, Conforama, Dealz, Dunns, Emmezeta, Fantastic, Flash, Floors Direct, Freedom, Harris Scarfe, Harveys, Hertz, HiFi Corp, Incredible Connection, John Craig, Lipo, Mattress Firm, OMF, Pep, Pep Cell, Pep Home, Pepco, Pep&Co, Plush, Postie, Poundland, Powersales, Refinery, Rochester, Russells, Shoe City, Sleepmasters, Snooze, Tekkie Town, Tiletoria, Timbercity and Unitrans Automotive.*

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IN THIS REPORT

HOUSEHOLD GOODS

Furniture and homeware retail businesses

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

GENERAL MERCHANDISE

Clothing and footwear, accessories and homeware

Product categories include: clothing, footwear, personal accessories, cellular products, selected financial services and fast-moving consumer goods.

PEPKOR

Separately listed general merchandise and household goods retailer in southern Africa.

www.pepkor.co.za

PEPKOR

AUTOMOTIVE

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

This category includes a wide range of motor and heavy road vehicle brands at price points ranging from entry level to luxury.

MANAGEMENT BOARD REPORT

Dear Stakeholder

It has been a challenging nine months for Steinhoff ('the company' or 'the Group'), its employees and stakeholders. The various announcements regarding current and previous financial results; the resignation of the former CEO and changes to the senior leadership team; the material decline in the share price; and withdrawal of various credit and trade facilities has had a profound impact on the Group and its stakeholders. As a management team we are focused on maintaining stability within the operations; finalising the implementation of the restructuring plan with the Group's financial creditors; improving governance at all levels; and finalising the financial results.

Governance

The Supervisory Board was appointed at the company's AGM earlier this year. The various board subcommittees have been reviewed and reconstituted. These committees have been hard at work to ensure that the Group has the appropriate governance structures in place.

In addition to changes made earlier this calendar year, on 15 August 2018 the Group announced that the Supervisory Board had nominated Paul Copley (UK Chartered Accountant) for appointment to the Supervisory Board as an independent supervisory director.

Forensic investigation

The investigation is continuing with regular feedback to the Supervisory and Management Boards. Despite the extensive volume of documents and complexity of the investigation, indications remain positive that the investigation is on track to be substantially complete by the end of the 2018 calendar year.

The progress made in the investigation supports the Group's objective to release full-year audited group results for 2017 by end December 2018, and full-year audited group results for 2018 by end January 2019.

Litigation

A number of legal proceedings have been initiated against the Group, as reported in previous announcements. It is our understanding that in August, a retail shareholder instituted proceedings requesting the authorisation of a South African class action. The Supervisory and Management Board, assisted by a newly constituted litigation committee, and in consultation with its attorneys, continues to assess the merits of and responses to all of these claims and have filed a number of initial defences.

On 21 August 2018 a hearing was held in Amsterdam in terms of the preliminary motions filed by Steinhoff in the VEB proceedings. A ruling on the preliminary motions is expected to be rendered on 26 September 2018.

Continued listing and regulatory investigations

The Group continues to engage with various regulators.

The Group was invited to present to the South African parliament on 29 August 2018 and used this opportunity to update the Joint Committees on the progress made by Steinhoff since January 2018. The presentation is available on the company's website.

Steinhoff remains in contact with the company's three principal stock-market regulators (being the AFM in the Netherlands, the FSE in Frankfurt and the JSE in Johannesburg) with respect to the company's listings. We remain committed to maintaining open communication lines with each of our regulators.

Debt restructuring

The Group and its advisers, together with the financial creditors, developed a restructuring framework.

On 20 July 2018 the Group announced a lock-up agreement with creditors in connection with the restructuring of the financial indebtedness of the company, Steinhoff Europe AG, Steinhoff Finance Holdings and Stripes US Holding Incorporated. Work in connection with the implementation of the restructuring is progressing well, and the Group currently anticipates launching the various steps required for implementation within a three-month time period. Details regarding the lock-up agreement, including a proposed term sheet and steps plan, are available on https://www.lucid-is.com/STEINHOFF/.

Once implemented, the terms of this restructuring will remain in place for three years. In terms of this agreement the Group is required to provide the market with a monthly update on the implementation. Please refer to the announcement on 17 August 2018, available on the company's website, for the most recent update.

Similarly, on 26 July 2018 the Group announced that the Hemisphere lock-up agreement had become effective. In terms of that agreement the parties are in the process of implementing the required restructuring and this restructuring will also be in place for a three-year period.

The combined restructuring plan is aimed at creating stability for Steinhoff for a period of three years, allowing the Group the opportunity to develop and implement a longer-term strategy that enables recovery. This debt standstill should also allow the Group to drive value in its operating businesses, as well as reduce the overall debt in the Group during that period.

Disposals

During the quarter progress was made with the following disposals:

kika-Leiner

In relation to the sale of the operating companies ('Opcos') the company announced on 13 July 2018 that merger clearance had been obtained from the Austrian competition authorities and that the sale of the Austrian Opcos had been completed. Further clearances have also been received from each of the Czech and Slovakian authorities, and the sale of all the Opcos are now complete.

The sale of the property holding companies is conditional upon approvals being obtained from the required competition authorities.

POCO

With regard to the ownership dispute in respect of Steinhoff's 50% POCO ownership (held via LiVest GmbH), discussions are ongoing which, if concluded, will result in the disposal of the POCO interest by LiVest. Furthermore, following the declaration of a dispute by the Pohlmann family regarding the 2015 sale of their interest in LiVest to Steinhoff, any proceeds from the sale by LiVest of its 50% share in POCO will be held in escrow while the Pohlmann dispute is finalised.

Atterbury Europe

Steinhoff's 100% interest in the non-voting participating preference shares in Atterbury Europe was sold during June 2018 for €223.5 million.

Puris/Impuls

Following a competitive sale process in which a number of bids were received, Steinhoff agreed the terms of sale of its Puris Bad (bathroom) (Puris) and Impuls Küchen (kitchen) (Impuls) furniture manufacturing businesses and assets. Given the relative small size of these businesses (in context of the Steinhoff Group) and their limited sales to other members of the Group, the businesses were considered to be non-core to Steinhoff. The sale is conditional upon merger control clearance being obtained in the relevant jurisdictions.

Steinhoff Investments preference shares

The listing of the preference shares was suspended by the JSE earlier this year due to the non-publication of its 2017 annual financial statements. This suspension is expected to remain in place until such time as 2017 audited annual financial statements are published.

Dividends have, however, been paid on these shares as detailed in the various stock exchange announcements available on the company's website.

Conclusion

The extraordinary events during the current year have created significant uncertainties for the Group and its operating businesses. Furthermore, the confidence of the Group's suppliers, creditors and customers has been undermined. This all contributed to a difficult general trading environment (as explained in more detail in the operational review) and significant diversion of management's time.

The conclusion of the lock-up agreements is a key step in the restructuring process and is an important milestone towards stabilising Steinhoff. We remain determined to pursue every available avenue to complete the implementation within the agreed timeframes and to ensure that Steinhoff can benefit from the three-year period of stability.

Appreciation

Once again, we would like to take the opportunity to thank the members of the Supervisory Board and operational management, as well as employees and advisers who have been working around the clock to keep the business running despite these challenging times.

Management Board
31 August 2018

OPERATIONAL REVIEW

FOR THE NINE-MONTH PERIOD ENDED 30 JUNE 2018

This report has not been audited or reviewed by the company's auditors.

Geographical split

REVENUE FROM CONTINUING OPERATIONS (€m)

	9MFY18 Unaudited	9MFY17 Unaudited	% change
EUROPE			
Total revenue: Europe	5 654	5 521	2
Household goods Europe	3 381	3 425	(1)
Conforama	2 550	2 541	–
Lipo	128	145	(12)
Abra	40	43	(7)
UK	494	539	(8)
Manufacturing	156	146	7
Properties (including Africa)	13	11	18
General merchandise Europe	2 273	2 096	8
AFRICA			
Total revenue: Africa	4 371	4 007	9
Pepkor (separately listed)	3 205	2 955	8
Automotive	1 166	1 052	11
UNITED STATES OF AMERICA			
Total revenue: USA	1 920	2 224	(14)
AUSTRALASIA			
Total revenue: Australasia	963	949	1
Household goods Australasia	468	438	7
General merchandise Australasia	495	511	(3)
GROUP SERVICES			
Total revenue: Group services	1	3	(67)
Total group revenue	12 909	12 704	2

Segmental breakdown

REVENUE FROM CONTINUING OPERATIONS (€m)

	9MFY18 Unaudited	9MFY17 Unaudited	% change
HOUSEHOLD GOODS			
Total household goods	5 769	6 087	(5)
Europe	3 381	3 425	(1)
Conforama	2 550	2 541	–
Lipo	128	145	(12)
Abra	40	43	(7)
UK	494	539	(8)
Manufacturing	156	146	7
Properties	13	11	18
USA	1 920	2 224	(14)
Australasia	468	438	7
GENERAL MERCHANDISE			
Total general merchandise	2 768	2 607	6
Europe	2 273	2 096	8
Australasia	495	511	(3)
AUTOMOTIVE	1 166	1 052	11
PEPKOR (SEPARATELY LISTED)	3 205	2 955	8
GROUP SERVICES	1	3	(67)
Total group revenue as reported	12 909	12 704	2

DISCONTINUED OPERATIONS (€m)

	9MFY18 Unaudited	9MFY17 Unaudited	% change
POCO*	–	699	(100)
kika-Leiner (operational companies)	674	690	(2)
kika-Leiner (property companies)	2	2	–
Manufacturing	132	104	27
Extreme Digital (disposed on 31 January 2018)	43	79	(46)
Total discontinued operations	851	1 574	(46)
Total revenue for operations (continuing and discontinued)	13 760	14 278	(4)

* *The arrangement in terms of which Steinhoff had a casting vote has now expired, and for accounting purposes, POCO has changed from a 50% controlling interest to a 50% equity accounted interest from 31 March 2017. Under equity accounting, POCO's revenue will not be reported. Refer to page 11 for further details.*

Operational review for the nine months ended 30 June 2018

Introduction

The Group reported revenue growth of 2% to €12.9 billion (9MFY17: €12.7 billion) from continuing operations for the nine months under review.

Operational results were severely impacted by the Steinhoff events and a difficult general retail trading environment (described in more detail below).

Steinhoff events

Operational entities were impacted by the events at their parent company and operational management teams faced additional challenges and incurred extraordinary costs. These challenges include:

- Liquidity management
  - Raising working capital facilities at operating entity level to replace Group treasury funding
  - Change of operational processes resulting from reduced supplier credit
  - Active engagement with suppliers and credit insurers to substantiate and maintain reduced credit lines
- Customer confidence
  - The negative press surrounding the Group influenced customer behaviour in many of the operations, and during this period enhanced communication was required. This was specifically relevant in product categories that provide multi-year customer guarantees and with made-to-order furniture (for example kitchens, upholstery and other large furniture items), as these products have a long lead time and require customers to pay a deposit upon ordering. These transactions were under pressure as a result of the uncertainty surrounding the stability of the Steinhoff Group.
- Organic growth
  - In the household goods business, store openings and capex projects were put on hold.
  - Business plans of all the operations have been thoroughly interrogated and management has been tasked to focus on profitability, cash flow, inventory management and overall cost reduction.

Difficult general retail trading environment

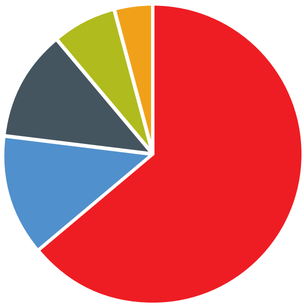
In most territories where the Group operates, operational divisions have experienced difficult trading environments resulting in reduced store traffic footfall and store profitability. The trading environment was influenced in the various geographies by low economic growth rates, increased competition and overtrading, the impact of online retailers, and customer indebtedness.

HOUSEHOLD GOODS /Europe

Conforama

CONFORAMA	9MFY18 Unaudited	9MFY17 Unaudited	% growth	% constant currency growth
Revenue (€m)	2 550	2 541	0	1

REVENUE BY REGION (9MFY18)



63% France

14% Spain and Portugal (Iberia)

12% Switzerland

7% Italy

4% Balkans

During the nine months ended 30 June 2018, the Conforama Group reported a 0.4% (1.3% in constant currency) revenue growth. Sales performance included flat like-for-like sales in France, and positive like-for-like sales in Iberia and the Balkans. Growth in Iberia and the Balkans was further supported by store openings (two in Iberia and two in the Balkans). Switzerland reported slightly negative sales (using constant currency) in a more challenged market, although the third quarter reported flat revenue growth in constant currency, supported by a new store that opened in May. Italy reported revenue growth driven by two store openings. Revenue in Italy, on a like-for-like basis, declined on the back of abnormally high furniture sales in the comparative period and a highly competitive market.

In all countries, the start of the summer sales period after mid-June reported negative sale trends. Footfall was down and notably impacted by extreme warm weather across Europe. The weak start of the sales period impacted France particularly and led to a low-digit sales decrease in the third quarter after a positive first six months.

In terms of product mix, brown goods sales (televisions) grew by 3% for the nine months under review. The third quarter benefited from the positive impact of the FIFA World Cup, resulting in brown goods growth of approximately 20% in Q3FY18 when measured against Q3FY17. For the nine months under review, sales for the core product categories of furniture and home accessories grew by 1%, while white goods (appliances) decreased by 1%, driven by a lack of price aggressiveness in France, especially in the third quarter.

At group level, online sales were flat during the third quarter (+6% YTD at constant currency), but are continuously growing when including the 'Marketplace by Confo' initiative. This initiative allows Conforama to build its existing French website traffic by giving users access to a wider choice of products from external merchants.

Lipo

LIPO	9MFY18 Unaudited	9MFY17 Unaudited	% growth	% constant currency growth
Revenue (€m)	**128**	**145**	**(12)**	**(4)**

Lipo revenue declined by 4% in constant currency, while the business continued to restructure its product offering and store layout.

ERM

ERM	9MFY18 Unaudited	9MFY17 Unaudited	% growth
Revenue (€m)			
Abra	**40**	**43**	**(7)**

	9MFY18 Unaudited	9MFY17 Unaudited	% growth
Discontinued revenue (€m)	**717**	**1 468**	**(51)**
POCO	–	**699**	**(100)**
kika-Leiner (nine months ended 30 June)	**674**	**690**	**(2)**
Extreme Digital*	**43**	**79**	**(46)**

** Disposed on 31 January 2018, therefore current period included for four months and prior period included for nine months*

POCO

As previously reported, the Amsterdam Enterprise Chamber ruled in February 2018 that the company was correct to consolidate POCO in its 2016 accounts. However, it has ordered that the company amend the 2016 accounts to change its accounting treatment of POCO from a 100% controlling interest to a 50% controlling interest. With regard to the ownership dispute in respect of Steinhoff's 50% POCO ownership, discussions are ongoing, which, if concluded, will result in a disposal of the POCO interest.

POCO's results no longer form part of the Group's operational results, as (unrelated to the Amsterdam case) the controlling vote in the POCO joint venture expired in March 2017. Historically this vote was cast after receiving Steinhoff's approval, thus effectively giving Steinhoff control. As this vote expired, for accounting purposes, from April 2017 POCO has been changed from a 50% controlling interest to a 50% equity accounted interest. Under equity accounting, POCO's revenue will no longer be included in group revenue.

kika-Leiner

In June 2018, the Group announced the sale of the kika-Leiner operational and property companies. Following the receipt of merger clearance from the relevant merger control authorities by mid July 2018, the sale of the operating companies has been completed. The property transaction is conditional upon merger clearance being received in Austria, the Czech Republic and Slovakia on or before 30 October 2018.

The kika-Leiner business reported a 3% decline in constant currency revenue for the period under review, while like-for-like sales decreased by 6% for the nine months under review.

UK

UK

	9MFY18 Unaudited	9MFY17 Unaudited	% growth	% constant currency growth
Revenue retail and manufacturing (€m)	**494**	**539**	**(8)**	**(6)**

Euro-reported revenue in the United Kingdom household goods division decreased by 8% to €494 million (9MFY17: €539 million). Constant currency revenue decreased by 6%, while like-for-like revenue declined by 4%.

While Bensons for Beds maintained revenue, this was offset by a decline in trading in the Harveys business.

During the third quarter, trading in the UK was further impacted by unprecedented hot weather since Easter which has had a negative impact on footfall and weekend trading during the period. In addition, the FIFA World Cup started in June, and England's successful journey up to 30 June 2018 proved to be a distraction for consumers.

PROPERTIES

PROPERTIES

	9MFY18 Unaudited	9MFY17 Unaudited	% growth
Revenue (€m) (external)	13	11	18

The property division consists of the Group's land and buildings held in the Hemisphere property group and South African property companies. These properties comprise a footprint of retail, warehouse and manufacturing properties.

The Conforama property portfolio does not form part of the property division and is included in the assets of the Conforama division.

On 22 June 2018 the Group announced the sale of the kika-Leiner operational and property companies. The purchaser completed its confirmatory due diligence on the property companies in August and the property transaction is now only conditional upon merger clearance being received from the competition authorities in each of Austria, the Czech Republic and Slovakia on or before 30 October 2018.

In line with consolidation principles, rental received from group subsidiaries (the majority of the property division's earnings) is not part of reported external revenue.

MANUFACTURING

MANUFACTURING

REVENUE (€m)

	9MFY18 Unaudited	9MFY17 Unaudited	% growth
Comparable revenue	288	250	15
Revenue (continuing operations)	156	146	7
Puris and Impuls revenue (discontinued operations)	132	104	27

Despite the upholstery division being under pressure as a result of the Steinhoff events, it reported solid results.

Given the limited sales by Puris and Impuls to other members of the Group, the businesses were considered to be non-core to Steinhoff and a sale transaction has been concluded, which is subject to the merger control authority's approval. Refer to the Management Board report for more details.

GENERAL MERCHANDISE /Europe

Pepkor Europe

PEPKOR: EUROPE REVENUE (€m)	9MFY18 Unaudited	9MFY17 Unaudited	% growth	% constant currency growth
	2 273	2 096	8	9
Pepco (Eastern Europe)	949	699	36	34
Poundland (largely UK)	1 324	1 397	(5)	(3)

Pepkor Europe continues to grow strongly, improving its core businesses and expanding into new markets.

For the nine months under review, Pepkor Europe revenue grew by +8% to €2 273 million, with overall like-for-like sales a robust +3.7%. Net 185 stores were opened during the period under review (including +77 new store openings and -6 store closures in Q3FY18), with total stores at 30 June 2018 at 2 281.

Pepco

Pepco sales grew strongly by +35.5% versus last year in the period under review to €949 million. Sales performance in the third quarter was impacted by the beginning of the Sunday trading ban in Poland introduced in March, but overall the business still achieved strong total like-for-like sales of +7.4%.

In the first six months of the period under review, the business entered into two new countries (Lithuania and Latvia). Furthermore, in June Pepco opened two stores in Estonia, concluding its entry into the Baltic region. Stores in the new countries, including other recently added territories (Croatia and Slovenia) are trading above expectations. The business opened net 197 stores during the nine months under review (including +72 new store openings and -1 store closure in Q3FY18), with 1 410 stores in total across 10 territories at 30 June 2018.

Poundland

Poundland achieved total revenue of €1 324 million in the period under review, representing a constant currency decline of 3%, on the back of approximately 60 store closures in the comparative period. Like-for-like sales recovered across the whole quarter to marginally positive after being initially impacted in April by an early Easter. Overall, the business achieved total like-for-like sales of +1.7% in the period under review, outperforming the wider UK market where footfall ranged between +0.2% to -6.0%. This sales momentum has strengthened even further in the first two months of the fourth quarter.

The roll-out of PEP&CO shop-in-shops has continued, with an additional 175 sites added in the period under review (total of 274 at 30 June 2018), including the completion of the programme in the Republic of Ireland. Performance of Poundland stores with a shop-in-shop has been strong at +7.7% like-for-like sales in the period under review, significantly higher than the chain average.

The European Dealz businesses in Spain and Poland continue to develop well with the launch of three clothing shop-in-shops in Spain that are supplied by PEPCO and two further stores added to the Dealz Poland trial.

Summary

Pepkor Europe's core businesses – PEPCO, Poundland and the sourcing arm, PGS – are increasingly interdependent, providing significant opportunities to accelerate future progress.

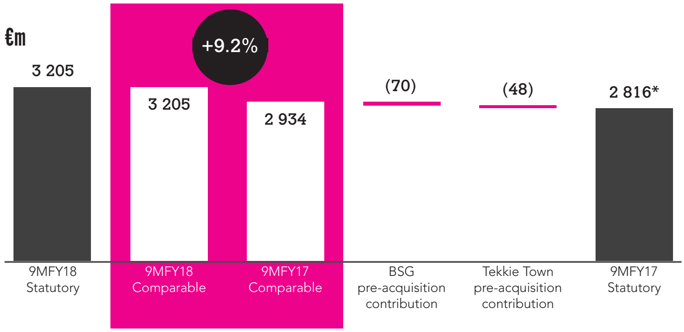
It continues to be well positioned to realise its ambitious plans to build a discount retail business of scale.

AFRICA

Pepkor

PEPKOR	9MFY18 Unaudited	9MFY17 Unaudited	% growth	% constant currency growth
Revenue (€m)	**3 205**	**2 955**	**8**	**14**

Comparable nine-month revenue in constant exchange rates



** 9MFY17 statutory results calculated at constant exchange rate similar to the 9MFY18 period (ZAR:EUR 0.0655).*

For the nine months ended 30 June 2018, Pepkor achieved group revenue growth of 14% to R48.9 billion on a statutory basis. On a comparable basis, group revenue growth of 9% was achieved.

The PEP and Ackermans brands in aggregate reported merchandise sales growth of 8% and like-for-like growth of 3%. Retail space increased by 5% with the opening of 148 new stores (91 PEP and 57 Ackermans) during the period. Deflation of approximately 5% in the clothing, footwear and homeware (CFH) product categories within PEP and Ackermans continued to weigh on sales growth. Volume growth of 10% (5% on a like-for-like basis) supported performance. The impact of deflation on CFH sales growth is expected to reduce during the fourth quarter of the 2018 financial year. The month of July showed particularly strong like-for-like performance.

PEP Africa, comprising approximately 4% of group revenue, continues to experience challenging operating conditions in addition to deflation. Positive merchandise sales growth of 4% was reported. Like-for-like sales performance improved during the third quarter, resulting in a decline of 15%, compared to a decline of 16% reported for the six months ended 31 March 2018.

Strong merchandise sales growth momentum, on a comparable basis, continued in the speciality fashion and footwear brands, reporting growth of 14% and like-for-like growth of 7% in aggregate. The interim management team at Tekkie Town has successfully stabilised the business and operations continue to operate in line with expectations.

The furniture, consumer electronics and appliances brands continued to perform well.

Notwithstanding difficult trading conditions in the durables market, merchandise sales growth of 11% and like-for-like growth of 6% was reported for the nine-month period.

The building materials and DIY (do-it-yourself) business continued to operate in a challenging market. On a comparable basis, merchandise sales declined by 1%, while like-for-like sales declined by 2% for the period under review.

The overall retail environment remains very competitive, with financially constrained consumers. The group's focus on providing value to customers at affordable prices is expected to continue to support group performance during the remainder of the financial year.

Automotive

AUTOMOTIVE	9MFY18 Unaudited	9MFY17 Unaudited	% growth	% constant currency growth
Revenue (€m)	1 166	1 052	11	16

In a market where new vehicle sales and commercial vehicle sales volumes remain under pressure, the automotive retail division in southern Africa reported good results. Stronger pre-owned vehicle volumes, which operate counter-cyclical to those of new vehicles, supported the performance. Revenue growth of 11% to €1 166 million was achieved compared to the previous period, with constant currency growth of 16% on the back of the acquisition of Ford dealerships (concluded in Q2FY18) and the Opel distributorship, which offset the loss of General Motors (GM) dealerships due to GM's exit from the African market in January 2018. Like-for-like revenue increased by 14%.

USA

Mattress Firm

MATTRESS FIRM	9MFY18 Unaudited	9MFY17 Unaudited	% growth	% constant currency growth
Revenue (€m)	**1 920**	**2 224**	**(14)**	**(4)**

The Mattress Firm business continues to gain momentum in its turnaround efforts after experiencing significant near-term disruptions from the accelerated rebranding of over 1 300 stores, combined with underperforming product transitions following the exit of Mattress Firm's supply arrangement with its largest supplier. Mattress Firm has a clear turnaround plan and is demonstrating early success and momentum, as evidenced recently by positive year-over-year unit growth. Margin remains under pressure, however, sequential improvements in margins have been recorded on a month-by-month basis.

Nine-month fiscal year-to-date results

The USA business (including Mattress Firm and Sherwood Bedding) reported revenue of €1.9 billion for the nine months under review, representing a constant currency decrease of 4%. Mattress Firm's fiscal year-to-date like-for-like sales were down less than 5%.

Mattress Firm's comparable sales continued to improve sequentially during April, May and June, with fiscal Q3 like-for-like sales growth of 2.6% as like-for-like sales turned positive in the month of May. During the third quarter units increased 6.1%, which was, however, offset by a 3.3% decline in average unit price. The company's merchandising assortment captured more unit volumes per store due to both value and selection. The decrease in average unit prices was attributable to gaps in the product range, primarily at the luxury price points, which management is addressing through the recent introduction of new luxury products in selected stores that offer high quality to the consumer. Furthermore, the rebranded East and West coast markets showed improvements in recent periods.

Management remains focused on optimising the Mattress Firm store base in over-penetrated and underperforming markets that resulted from acquisitions and industry consolidation. Store closures are evaluated as leases come up for renewal and through the previously announced store optimisation initiative. In the first nine months of fiscal 2018, Mattress Firm opened 32 stores, acquired 14 franchised stores and closed 197 stores, for a net decrease of 151 stores. For the full year Mattress Firm expects approximately 60 new store openings, 14 acquired stores and 250 store closures, for a net decrease of 176 stores (inclusive of store movements in the first nine months).

Mattress Firm will continue to identify opportunities to optimise its store base, while also strategically opening new stores in underpenetrated areas. Mattress Firm is currently entering two new US markets, Los Angeles and Detroit.

In July 2018, sales continued to improve with +10% like-for-like sales growth. Sales per store were up 17% over prior year during the Independence Day (Fourth of July) promotional period. Year-to-date unit volumes have increased and now exceed prior year volumes, despite a decrease in the total number of stores operated.

AUSTRALASIA

AUSTRALASIA	9MFY18 Unaudited	9MFY17 Unaudited	% growth	% constant currency growth
Revenue (€m)	963	949	1	10
Household goods	468	438	7	16
Organic (middle market)	203	242	(16)	(9)
Acquisition (Fantastic Holdings)	265	196	35	47
General merchandise	495	511	(3)	5

Since October 2017, the Australasian group has aligned its operations under one group CEO. The management restructuring, giving effect to a single group approach, was implemented in May 2018.

Fantastic Holdings Limited (FHL) became part of the household goods division effective 1 January 2017. The FHL group has added revenue of €265 million for the period under review (€196 million for the six-month period ended 30 June 2017).

The middle market household goods brands experienced more challenging trading conditions, which were partly offset by the performance of Fantastic Furniture, illustrating the resilience of the value price segment where Fantastic Furniture is positioned. The Australasia household goods division reported a comparable like-for-like sales decline of -5%.

Revenue in the general merchandise division decreased by 3% (constant currency growth of +5%), while like-for-like sales increased by 2%.

Share capital

The number of shares in issue (net of treasury shares) at 30 June 2018 was **4 217 million** (30 June 2017: 4 299 million).

The weighted average number of shares in issue amounts to **4 225 million** at 30 June 2018 (30 June 2017: 4 271 million).

Notes to investors

The revenue and other financial information on the Group contained in the operational review and this update are unaudited. Shareholders and other investors are advised to exercise caution when dealing in the securities of the group.

Forward-looking statements

This update contains management's view on future developments based on information currently available and is subject to risks and uncertainties, as described in the natural risk summary, as included in the 2018 half-year report, which can be accessed on the Group's website at 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 risk report 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.

ANNEXURES

Annexure 1 – Exchange rates

	AVERAGE TRANSLATION RATE		
	9MFY18	9MFY17	% change
ZAR:EUR	0.0655	0.0687	(5)
GBP:EUR	1.1334	1.1582	(2)
AUD:EUR	0.6423	0.6958	(8)
USD:EUR	0.8337	0.9245	(10)
CHF:EUR	0.8567	0.9279	(8)
PLN:EUR	0.2367	0.2323	2

CORPORATE AND CONTACT INFORMATION

Registration number

63570173

Registered office	Business office
Herengracht 466 1017 CA Amsterdam The Netherlands PO Box 15803 1001 HC Amsterdam	Block D De Wagenweg Office Park Stellentia Road Stellenbosch 7600 RSA

Website

www.steinhoffinternational.com

Auditors

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1081 LA Amsterdam
The Netherlands

PO Box 58110
1040 HC
Amsterdam
The Netherlands

Company secretary

Steinhoff Secretarial Services Proprietary Limited
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Wynberg
Sandton 2090

PO Box 1955
Bramley 2018

South African sponsor

PSG Capital Proprietary Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch 7600

PO Box 650957
Benmore 2010

South African transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue
Rosebank 2196

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Marshalltown 2107

Commercial banks

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(A division of The Standard Bank of South Africa Limited)
(Registration number 1962/000738/06)
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Marshalltown 2107

In addition, the group has commercial facilities with various other banking and financial institutions worldwide.

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

www.**steinhoff**international.com

www.steinhoffinternational.com