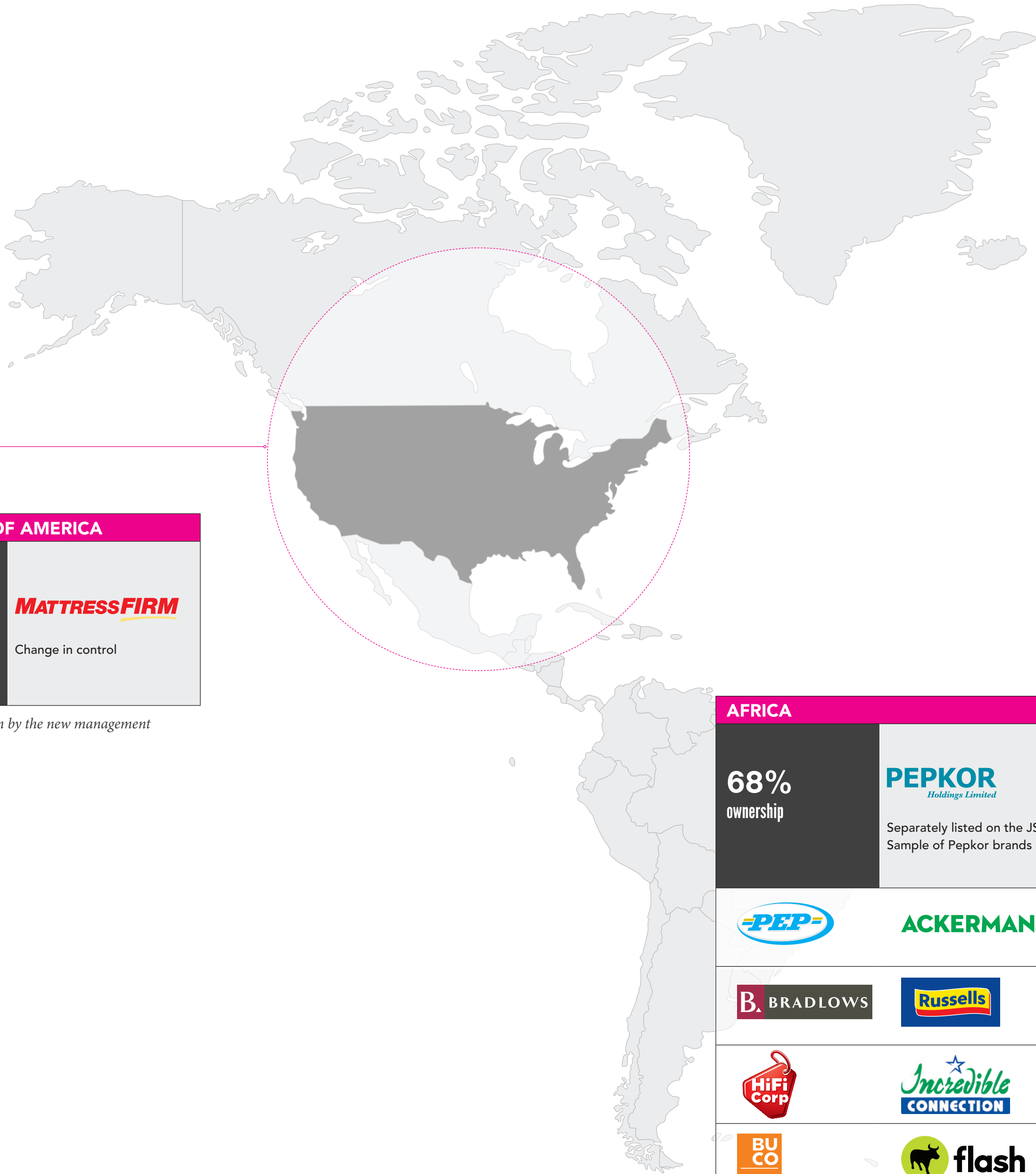
STEINHOFF
INTERNATIONAL HOLDINGS N.V.

QUARTERLY UPDATE

FOR THE NINE MONTHS ENDED 30 JUNE 2020

Steinhoff today ...

... is a global holding company with investments in a diverse range of retailers.



UNITED STATES OF AMERICA

50%* ownership

MATTRESSFIRM

Change in control

* *Subject to future dilution by the new management incentive plan*

AFRICA

68% ownership

PEPKOR Holdings Limited

Separately listed on the JSE
Sample of Pepkor brands

PEP | ACKERMANS
B. BRADLOWS | Russells
HiFi Corp | Incredible CONNECTION
BUCO | flash

EUROPE

100% ownership

PEPCO Group

PEPCO

Poundland

Dealz

PEP&CO

100%** ownership

Conforama

Iberia, Balkans and Italy

AUSTRALIA AND NEW ZEALAND

100% ownership

greenlit BRANDS

Sample of brands in Australasia

Fantastic Furniture

Snooze

freedom

OMF ORIGINAL MATTRESS FACTORY

Plush think sofas

*** Warrants over 49.9% of the economic rights to the future returns of Conforama issued, but not exercised*

MESSAGE FROM THE MANAGEMENT BOARD

Dear Stakeholder

The Group continued to make progress on its three-step restructuring journey throughout the nine-month period, even while preparing and implementing plans to address the unprecedented challenge of COVID-19.

Our third quarter – the three months ended 30 June 2020 – was the peak of the pandemic worldwide, and many of our markets were locked down for a substantial part of the period before reopening progressively through late May and June.

This brought some real challenges – among them ensuring colleague and customer safety, introducing new safe operating procedures in our stores and central facilities, and the need to maximise liquidity and preserve financial strength – all of which were confronted and successfully addressed.

The way in which the retail brands have responded since has also provided a useful reminder of some of the fundamental strengths of the operating businesses.

- First, many of our businesses – including PEP, Ackermans, Pepco and Poundland – operate in the value segment of the retail market for fast-moving consumer goods. Customers need these essential products every day, and the value focus gives the business some inherent resilience and a defensive positioning in times of economic turbulence.
- Second, the businesses are well diversified geographically, operating in major markets across Africa, Europe, North America and Australasia, which reduces the dependence on any one region or economy.
- Third, many of the local brands are leaders in their respective markets – well known and trusted by consumers, and large enough to have the buying power to offer their customers the right quality at the right price.

Since lockdown restrictions began to be lifted from early May, revenues are trending back to, and in some cases above, pre-COVID-19 levels, and the operations' cash position at the end of the period was better than anticipated at the beginning of the pandemic.

The strength of the recovery from COVID-19 to date is testament to the hard work, dedication and adaptability of colleagues across the Group, and we would like to thank them all for their outstanding support.

Progress is also being made with the ongoing restructuring of the Group. Most significantly, after the period end, finalising the disposals of Conforama France and Conforama Switzerland and announcing a proposal to settle the outstanding litigation facing the Group. These are significant milestones on our restructuring journey.

Although there is no certainty yet that we will be able to conclude this proposed litigation settlement, in our view these terms are firmly in the best interests of all stakeholders. We urge all claimants to engage positively with us and support our proposal to resolve the outstanding legacy claims.

The full impact of COVID-19 on the performance of the Group for the 2020 financial year remains uncertain. It is clear, however, that the virus outbreak and resulting restrictions have had a negative impact on overall turnover and the underlying business performance during this period. However, we are encouraged by the performance of the Group's retail businesses in the period since lockdown restrictions were lifted, which is ahead of our previous expectations. While the sustainability of this demand is uncertain, the Group's main trading subsidiaries, with their more resilient and defensive discount and value offering, are well positioned to gain market share in the post-COVID-19 environment.

We are grateful for the continuing support during the Reporting Period of our financial creditors, shareholders, almost 110 000 staff, management and Supervisory Board. We thank them all.

Louis du Preez
Chief executive officer

Theodore de Klerk
Chief financial officer

28 August 2020

OPERATIONAL REVIEW

This report covers the period 1 October 2019 to 30 June 2020 ("Reporting Period") and has not been audited or reviewed by the Company's auditors.

REVENUE FROM CONTINUING OPERATIONS (€M)	9M2020	9M2019	% change
Pepco Group	2 611	2 567	2
Pepkor Africa (separately listed)	2 965	3 292	(10)
Conforama#	566	694	(18)
Greenlit Brands – household goods	489	492	(1)
All other	130	146	(11)
Corporate and treasury services	1	1	–
Total Group revenue from continuing operations	**6 762**	**7 192**	**(6)**

 # Excludes Conforama France and Conforama Switzerland; comparatives restated accordingly.

Introduction

The Group faced a number of operational and economic challenges during the nine-month period ended 30 June 2020, including the COVID-19-related trading restrictions imposed worldwide during March 2020. While almost all our stores had reopened by the end of June 2020, a significant amount of trade was lost while the stores were closed. Initial post-lockdown trading was better than expected, as stores benefited from pent-up demand at reopening, but the sustainability of this demand is uncertain. The Group's main trading subsidiaries, with their more resilient and defensive discount and value offering, are confident that they are well positioned to gain market share in the post-COVID-19 'new economy'.

As a result of these store closures, the Group reported a decrease in revenue, from continuing operations, of 6% to €6 762 million for the Reporting Period (9M2019: €7 192 million).

Management within the various businesses continued to focus on operational improvements, cash flow and liquidity, working capital management and profitability. Following the outbreak of the COVID-19 pandemic, the focus moved to employee and customer safety, and liquidity and working capital management. Despite the challenges faced, the general merchandise businesses in Europe and Africa continued to expand their footprints during the Reporting Period.

Further simplification of the portfolio has been a key objective for the Group. Significant progress was made during the Reporting Period with the disposals of the Blue Group (UK household goods), Greenlit Brands' general merchandise division, the Unitrans automotive business, ABRA, Sherwood Bedding, Conforama France and Conforama Switzerland. The results for those businesses are therefore classified as discontinued operations and are excluded from this operational review.

Pepco Group

Pepco Group is a fast-growing pan-European discount variety retailer, trading from over 2 900 stores in 14 territories across Europe. Pepco Group owns the PEPCO and Dealz brands in Europe and the Poundland brand in the United Kingdom ("UK") and has a clear vision to become the largest discount variety retailer in Europe.

Further information regarding Pepco Group can be found online at www.pepcogroup.eu.

TOTAL REVENUE (€M)	9M2020	9M2019	% change	Constant currency %
Pepco Group	2 611	2 567	2	
Pepco (central and eastern Europe)	1 273	1 209	5	7
Poundland (including Dealz)	1 338	1 358	(1)	(2)

Prior to the COVID-19 outbreak, the Pepco Group delivered strong revenue growth of over 14% in the five months to February 2020, underpinned by 5% like-for-like growth and 15% space expansion.

From March 2020, all markets in which Pepco Group trades were impacted by the pandemic with government-imposed lockdowns and restrictions to trading conditions introduced, including limits on the number of customers permitted in-store at one time and reduced opening hours. In all territories, customer behaviour shifted materially with customers clearly preferring 'open' rather than covered shopping environments and shopping less frequently while spending more on each individual visit.

As it did not qualify as a retailer of essential products, PEPCO was the most significantly impacted brand in the early stages of the lockdown period. By the end of March, less than half of its 1 930 store portfolio was trading, including complete closure in seven countries.

While Poundland, as an 'essential retailer' initially benefited from increased customer stockpiling of food and other FMCG products, reduced shopping visits in April and May, particularly in city centre locations, led to the temporary voluntary closure of 130 stores.

Reduced operating footprint, lower customer numbers and weaker consumer confidence resulted in a 14% contraction of revenue year-on-year across the Group in the four-month period from March to June. More recently, as lockdown restrictions have eased, trading has improved across all brands, with 85% of stores trading in May and virtually all stores in the portfolio open by the end of June. Encouragingly, revenue has recovered with the reopening of the estate, with June revenue 3% higher than the prior year on a constant currency basis.

Having maintained the Group's store opening programme throughout this period, despite the significant challenges faced as a consequence of the COVID-19 pandemic, the Group continued to report growth in the nine-month period under review with revenue increasing 2%.

The Group has maintained its strategy of store expansion, ending the period with 2 924 stores, an increase of 368 stores year-on-year and 230 in the nine-month period. This included 97 (mainly PEPCO) new store openings in the March to June lockdown period and, notably, the opening of PEPCO's 2 000th store during June. Having opened 36 Dealz stores in the year to date, the brand now trades from 89 stores in Poland and Spain, an increase of 70%.

Poundland also continued its strategic progress to reduce its operating costs, primarily through reduced property costs where 100 store leases were renegotiated in the nine-month period, while enhancing its customer proposition. During the period, Poundland's successful multi-price offering was extended to further categories and the proposition broadened through the continued roll-out of chilled and frozen products in store.

Pepkor Africa

Pepkor Africa has the largest retail store footprint in southern Africa, with more than 5 500 stores operating across 11 African countries. The majority of its retail brands operate in the discount and value segment of the market.

For more information visit www.pepkor.co.za.

TOTAL REVENUE (€M)	9M2020	9M2019	% change	Constant currency %
Pepkor Africa	2 965	3 292	(10)	(2)

The Pepkor Africa Group's revenue for the nine months ended 30 June 2020 decreased by 10% to €2 965 million. This compares to a 2% reduction in revenue in constant currency, reflecting the deterioration in the exchange rate over this period. In addition, the impact of COVID-19 and the national lockdown constrained sales during the third quarter, resulting in revenue reducing by 17% in constant currency during that period.

It is estimated that the national lockdown period resulted in lost revenue of approximately €285 million for the Pepkor Africa Group. Very strong trade was achieved during May and June 2020 as lockdown measures eased, and this can be attributed to pent-up demand and the positive impact of social grant payments, as well as the value focus and market positioning of the group's brands.

The clothing and general merchandise segment reported a decrease in revenue of 2% for the nine-month period, negatively impacted by a decrease in revenue of 16% during the third quarter, both measured in constant currency.

Sales levels for PEP and Ackermans were positive during May and June 2020 after stores reopened. Trading was resilient due to the defensive discount and value market positioning, with consumers prioritising apparel spending in areas such as babies' and children's clothing and focusing on basic and replenishment products. The national lockdown regulations also impacted on the reopening of schools, which resulted in weak back-to-school trading.

For the nine-month period the PEP and Ackermans brands, in aggregate, reported a slight decrease in sales in constant currency with a decrease in like-for-like sales of 4%. Retail space expanded by 3% year-on-year with 22 new store openings during the third quarter.

Conforama

Conforama operates a retail network across Europe, with more than 80 stores in Spain, Portugal, Italy, Luxembourg, Croatia and Serbia. During July 2020, the businesses in France and Switzerland were sold, and as such those businesses are treated as discontinued operations and are excluded from this commentary.

Conforama's core product lines comprise furniture, decoration, a range of homeware appliances and electronic goods.

TOTAL REVENUE (€M)	9M2020	9M2019	% change
Conforama	566	694	(18)

The COVID-19 pandemic had a big impact on Conforama's business in March 2020 as all trading ceased in order to comply with the virus containment measures imposed by the governments in each of its operating markets. The management team within each country set up its own business continuity plan to protect and inform employees and customers, secure cash through supplier negotiations, understand and comply with the government restrictions, manage other ongoing initiatives, and prepare the business for recovery. Stores reopened progressively from late April 2020, with all stores open from early June 2020.

As a result, in the nine-month Reporting Period, the Conforama Group reported revenue of €566 million, an 18% reduction on the comparative period. Conforama Balkans recorded an 11% reduction, Conforama Iberia a 16% reduction, and Conforama Italy a 27% reduction. The revenue reduction was experienced across all product types.

Following the reopening of the stores, revenue for the month of June 2020 is slightly better than the prior year in Conforama Iberia, while Conforama Balkans and Italy remained still slightly below.

Greenlit Brands

Greenlit Brands is an integrated retailer and manufacturer of household goods, with retail stores throughout Australia and New Zealand.

For further information regarding Greenlit Brands refer to www.greenlitbrands.com.au.

TOTAL REVENUE (€M)	9M2020	9M2019	% change	Constant currency %
Greenlit Brands – household goods	489	492	(1)	3

The Greenlit portfolio reported a mixed performance for the period. Overall revenue was up 3% in constant currency for the nine-month period, up 15% for the third quarter and 34% higher for the month of June 2020, when all brands performed well.

Fantastic Furniture enjoyed continued exceptionally strong trading, with like-for-like sales growth strengthening across the third quarter to deliver an increase of 26% for the nine-month period.

Order system implementation issues and COVID-19-related supply chain delays had a negative impact on revenue from other brands. Rectification of system issues incurred material expenditure, exacerbating the bottom-line impact.

Online trading, driven by COVID-19-related lockdowns, was up 77% on the prior year, delivering 17% of gross sales and providing a strong foundation for continued trade during any further COVID-19 interruptions.

Consumer sentiment was impacted by COVID-19 in late March 2020, with precipitous sales drops experienced in the portfolio brands operating in higher market segments and higher ticket categories. All brands, with the exception of Fantastic Furniture, endured a period of store closures for four to five weeks during April 2020. Encouragingly, consumer demand rebounded strongly in May 2020 and June 2020 with all stores reopened and record sales levels being achieved.

The Group is considering a possible public listing of the Fantastic Group. This process remains in its early stages and no definitive decision has been taken with respect to any specific course of action or timing at this point.

All other

TOTAL REVENUE (€M)	9M2020	9M2019	% change	Constant currency %
Lipo	124	129	(4)	(9)
Sourcing and logistics	6	17	(65)	(65)

Lipo
In a competitive Swiss market, Lipo, the furniture retailer, reported a revenue reduction of 4% predominantly as a result of the COVID-19 lockdown effective from 17 March 2020. When measured in constant currency against the Swiss franc, Lipo's total revenue decreased by 9%. The e-commerce business is running well but margins remain under pressure.

Mattress Firm

Mattress Firm is the leading speciality bed retailer in the United States, with its approximately 2 500 retail stores nationwide making it the largest bed retail footprint in the country. www.mattressfirm.com.

Mattress Firm is considered to be an associated company and as such is equity accounted, and not consolidated, into results of Steinhoff N.V. The operating information below is included in this report at 100% and for the full nine-month period for information purposes only.

TOTAL REVENUE (€M)	9M2020	9M2019	% change	Constant currency %
Mattress Firm	2 035	1 908	7	4

In October 2018, Mattress Firm entered into a voluntary Chapter 11 restructuring process, which was successfully completed in November 2018. This process was the cornerstone of Mattress Firm's turnaround plan as it enabled the business to restructure its balance sheet, secure additional new funding, and optimise its retail store portfolio by exiting 640 economically inefficient retail store locations. Following the successful exit from Chapter 11 in November 2018, the performance trends in the business have been far more encouraging with a 15% growth in revenue being recorded for the six months to March 2020.

Towards the end of March 2020, a number of stores closed due to the COVID-19-related restrictions. Management implemented a range of actions to collectively reduce expenses and preserve liquidity. During the third quarter, revenue (in constant currency) decreased by 11% as a result of these closures. With effect from early May 2020, some stores were allowed to reopen, and as at the end of June 2020, 90% of all stores were open. Revenue since the lockdown has been better than expected and the resulting cash position at Mattress Firm remains strong. Revenue for the month of June 2020, in constant currency, was up 16% compared to the prior year, with same store sales 19% higher.

Share capital

The number of shares in issue at 30 June 2020 and 30 June 2019 was **4 310 million** shares.

Notes to investors

The revenue and other financial information on the Group contained in this quarterly update are unaudited.

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 risk management section in the 2020 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.

ANNEXURE

Exchange rates

	AVERAGE TRANSLATION RATE		
	9M2020	9M2019	% change
EUR:ZAR	17.6358	16.1290	9
EUR:PLN	4.3699	4.2945	2
EUR:GBP	0.8700	0.8781	(1)
EUR:AUD	1.6583	1.5968	4
EUR:USD	1.1038	1.1338	(3)
EUR:CHF	1.0750	1.1318	(5)

CORPORATE AND CONTACT INFORMATION

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

www.**steinhoff**international.com