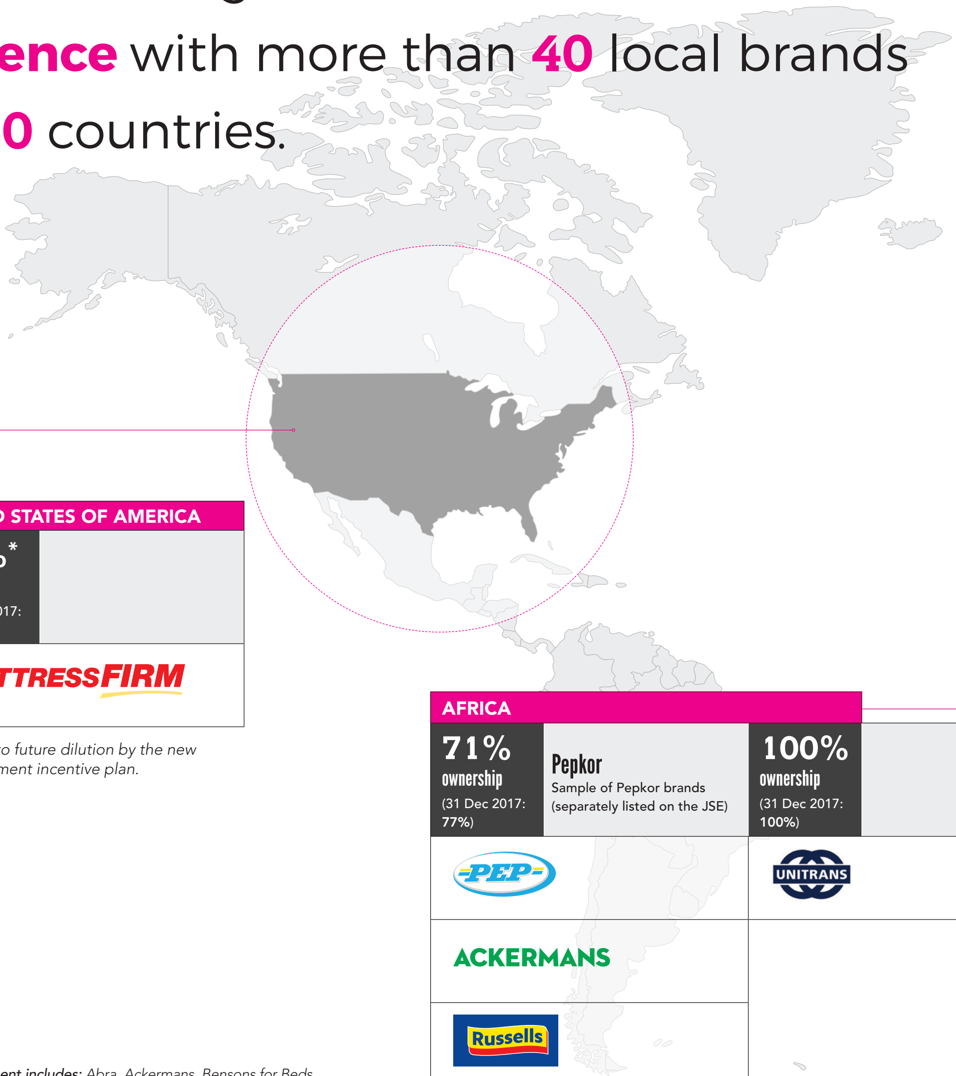
STEINHOFF
INTERNATIONAL HOLDINGS N.V.

QUARTERLY UPDATE

**THREE MONTHS ENDED 31 DECEMBER 2018 (3MFY19)
(UNAUDITED)**

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.



UNITED STATES OF AMERICA

50%* ownership
(31 Dec 2017: 98%)

MATTRESS FIRM

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

AFRICA

71% ownership
(31 Dec 2017: 77%)

Pepkor
Sample of Pepkor brands (separately listed on the JSE)

PEP

ACKERMANS

Russells

BUCO

100% ownership
(31 Dec 2017: 100%)

UNITRANS

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.*

EUROPE AND UNITED KINGDOM

98% ownership (31 Dec 2017: 98%)	Pepkor Europe	100% ownership (31 Dec 2017: 100%)	
Poundland		Conforama	
PEPCO		Harveys	
Dealz		bensons for beds	
PEP&CO			

AUSTRALIA AND NEW ZEALAND

100% ownership (31 Dec 2017: 100%)	Sample of brands in Australasia
freedom	
Snooze	
Fantastic Furniture	
Best&Less	
hs harris scarfe	

MANAGEMENT BOARD LETTER

LOUIS DU PREEZ | CHIEF EXECUTIVE OFFICER

Dear Stakeholder

Good progress was made on critical matters, including corporate governance, the debt restructure, the forensic investigation and financial reporting in the period, as detailed below, despite challenging times for the Group, its stakeholders and employees. The liquidity constraints and loss of confidence resulting from the discovery of the alleged accounting irregularities continued to have an impact on operations.

Retail performance

Retailers worldwide encountered continued challenging trading conditions during the period, as consumers in many economies remained under pressure. Steinhoff faced similar challenges in certain of its operations. In addition, in France, protest action by the gilets jaunes ('yellow vests') disrupted sales during Conforama's peak trading period, resulting in the closure of stores during the protests. In the US, following the successful pre-packaged Chapter 11 process, Mattress Firm increased individual store turnover; however, total turnover reduced following the closure of approximately 23% of its store base. In contrast, other businesses have continued to perform very well, particularly Pepkor Africa and Pepkor Europe, which have continued to grow both revenue and store footprint. In total, the Group managed to increase revenue from continuing operations by 3%. As a Management Board, we believe this is a satisfactory performance in the circumstances, taking into account the Group-specific factors and overall trading environment.

Further detail on our operating performance is provided within the operational report in this quarterly update.

Governance

The Supervisory Board and sub-committees are working with the Management Board to ensure that the Group has the appropriate governance structures in place. Two new Supervisory Board nominees, namely Paul Copley and David Pauker, have been nominated for appointment to the Supervisory Board and they are already attending meetings. Shareholder approval for these appointments will be tabled at the Company's next annual general meeting.

During 2018, five additional supervisory directors were appointed. As a result, the majority of the Supervisory Board currently consists of members who joined subsequent to the events of December 2017. Following the appointment of Paul Copley and David Pauker, this majority ratio will increase even further.

As previously reported, at the end of December 2018, Danie van der Merwe stepped down as acting chief executive officer (CEO). We thank Danie for his contribution and his willingness to assume the acting CEO role during this difficult period.

Forensic investigation

In December 2017, PricewaterhouseCoopers Advisory Services (Pty) Ltd (PwC) was appointed to conduct an independent forensic investigation into the Group's financial statements. The investigation was overseen by a Supervisory Board committee consisting entirely of newly-appointed members.

The task was substantial and complex and involved interaction with, among others, Deloitte, the Company's auditor; regulators; Steinhoff entities; and current and former employees. The requirement to work through an extensive volume of documents and the significant complexity of the investigation, with multiple work streams operating across a number of jurisdictions, meant that this was necessarily a time-consuming process.

PwC has now substantially completed its work and is scheduled to deliver its final report to the Supervisory Board in mid-March 2019. The Company anticipates providing the market with an overview of the report prior to the publication of the Group's 2017 and 2018 financial results, once it has had time to review the full document in detail. This overview will ensure that the legally privileged nature of the report is not undermined and its position in the various pending legal and other proceedings, including any recovery proceedings to be instituted by Steinhoff, is not jeopardised.

Regulation and litigation

The Group continues to engage with regulators, keeping them informed of progress made, as well as of any other developments as and when they arise. 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.

We remain committed to maintaining open communication lines with all of our regulators.

A number of legal proceedings have been initiated against the Group, in addition to those reported previously. The Supervisory and Management Boards, assisted by a newly constituted litigation committee, and in consultation with Steinhoff's attorneys, continue to assess the merits of, and responses to, these claims, and provide feedback to the regulatory bodies. A number of initial defences have already been filed by Steinhoff in these legal proceedings.

Subject to the findings of the PwC forensic investigation, the Group will assess the institution of any appropriate proceedings against third parties.

Group debt restructure

Overview

Throughout 2018, the Group was engaged in a substantial debt restructuring process, as detailed in various announcements. The restructuring process remains ongoing. The number of creditors, Group companies and jurisdictions involved, as well as the quantum of the debt over various entities, has made this a complex and challenging process, but significant progress has been made. The Group continues to work towards implementation of the debt restructuring and hopes to commence the final stages of this process shortly. The debt restructuring is intended to provide a period of stability in which the Group can focus on addressing Group liquidity and reducing the overall level of debt.

Chapter 11 – Mattress Firm and SUSHI Scheme

On 16 November 2018, the Chapter 11 Plan was approved by the US Bankruptcy Court and, following satisfaction of certain conditions, on 21 November 2018, Mattress Firm emerged from Chapter 11 having successfully completed its reorganisation. In accordance with the Chapter 11 Plan, Mattress Firm successfully exited approximately 640 underperforming stores.

Earlier, on 5 October 2018, the Company announced that Mattress Holdco Inc., Mattress Holding Corp. and Mattress Firm, Inc., along with the direct and indirect subsidiaries of Mattress Firm, Inc. (together, 'Mattress Firm') had filed voluntary pre-packaged Chapter 11 cases in the United States Bankruptcy Court. This process allowed Mattress Firm to implement a financial restructuring through a court-supervised process while continuing to trade. The Chapter 11 process was conducted for two primary reasons: first, to allow Mattress Firm to right-size its retail store portfolio, and second, to allow Mattress Firm to restructure its balance sheet and secure additional funding. As part of the restructuring, Mattress Firm secured USD250 million of short-term funding that, on completion of the restructuring and exit from the Chapter 11 process, was refinanced by a four-year exit facility term loan in the original principal amount of USD400 million and an exit asset-backed financing facility in the amount of USD125 million.

On 21 November 2018, in consideration for providing the financing required by Mattress Firm to emerge from Chapter 11, certain of the Group's lenders that provided the exit financing received 49.9% of the shares in Stripes US Holding, Inc. (SUSHI), the indirect owner of Mattress Firm, while the Group continues to own the remaining 50.1% of the shares in SUSHI, in each case subject to dilution by the new management incentive plan. As announced on 5 October 2018, the SUSHI board will comprise five members, including three proposed by the lenders.

Mattress Firm believes that the reorganisation implemented by the Chapter 11 plan positions it for long-term success for the benefit of all of its stakeholders, having strengthened its balance sheet and optimised its store footprint, thereby accelerating the turnaround of the business.

On 10 October 2018, shortly after Mattress Firm filed for relief under Chapter 11, SUSHI launched an English scheme of arrangement (the 'SUSHI Scheme') in respect of its USD200 million revolving credit facility that was guaranteed by SEAG (Steinhoff Europe AG) (the 'SUSHI RCF'). The SUSHI Scheme was sanctioned on 12 November 2018 and, following completion of certain other steps (including recognition of the SUSHI Scheme in proceedings under Chapter 15 by the US Bankruptcy Court), became effective on 16 November 2018. Under the SUSHI Scheme, the lenders under the SUSHI RCF exchanged their rights under that facility for substantially similar rights under a new revolving credit facility between, among others, SEAG (as borrower) and the Company (as guarantor).

CVA process – SEAG and SFHG

In connection with the restructuring detailed in the lock-up agreement between the Group and certain of its creditors, dated 11 July 2018 (the 'LUA'), on 30 November 2018, Steinhoff Europe AG (SEAG) and Steinhoff Finance Holding GmbH (SFHG) each launched an English law company voluntary arrangement (CVA) pursuant to Part 1 of the UK Insolvency Act 1986 (the 'SEAG CVA' and 'SFHG CVA', respectively). The SEAG CVA and SFHG CVA sought to implement the restructuring detailed in the LUA. In particular, the steps to be implemented pursuant to each of the SEAG CVA and the SFHG CVA included amendments to the European corporate holding structure, revised corporate governance across the European holding companies, and the restructuring of existing financial indebtedness at each of SEAG and SFHG, including by the issuance of new debt by certain newly incorporated Luxembourg companies, such debt to mature on 31 December 2021 and to accrue payment in kind interest capitalising from 14 December 2018 on a semi-annual basis.

Meetings of the creditors and members of SEAG and SFHG were held on 14 December 2018, at which the SEAG CVA and the SFHG CVA were approved by the requisite majorities of their respective creditors and by their members. The SEAG CVA was approved by approximately 94% of those creditors who voted (including approval by approximately 93% of SEAG's external financial creditors). The SFHG CVA was approved by approximately 99% of those creditors who voted (including approval by approximately 89% of SFHG's external financial creditors). The relevant reports in relation to the meetings have been filed with the English Court and notice of the results has been provided to the relevant creditors at www.lucid.is.com/steinhoff. Various conditions are to be satisfied prior to implementation of the restructuring detailed in the SEAG CVA and SFHG CVA.

On 10 January 2019, the Company was made aware of an application issued in the English High Court by LSW GmbH (LSW), a company related to Dr Andreas Seifert and claiming to be a creditor of SEAG, challenging certain provisions of the SEAG CVA proposed in respect of SEAG (the 'LSW Application'). Dr Andreas Seifert is a former business partner of Steinhoff, and is involved in ongoing litigation with the Group, in which context LSW claims to be a creditor of SEAG. SEAG is resisting the LSW Application and was successful in its application to have the LSW Application heard on an expedited basis. The English High Court has listed the LSW Application to be heard before the end of March 2019.

On 17 January 2019, LSW issued an application in Austria for the opening of insolvency proceedings over the assets of SEAG. Following correspondence on this issue between the Company and LSW, the application was subsequently withdrawn by LSW and, as a result, the Austrian court has dismissed the application.

Aside from the LSW Application in the English High Court, no challenges were received to the SEAG CVA within the challenge period (which ended 28 days from the day on which the SEAG CVA chairman's report was filed at the Court). No challenges were received to the SFHG CVA within the applicable challenge period. As the challenge periods have now expired, no further challenges are permitted.

The Group continues to work towards overcoming the LSW Application and the implementation of the financial restructuring of the Group (as partly set out in the SEAG CVA and SFHG CVA) and management continues to support and focus on the ongoing operations.

Conforama

On 21 December 2018, the Group agreed to make an additional short-term bridge funding facility of EUR50 million available to Conforama to provide working capital support.

Annual financial results

The process to complete the annual reports for 2017 and 2018 has been complex and demanding, given the need for several inter-related work streams to be carried out by multiple independent parties and for the reports to be finalised at the same time. Unfortunately, this led to a further delay in their release, but we are confident that the teams remain on track to publish both reports on 18 April 2019, subject to any delay caused by the LSW application to challenge the SEAG CVA.

Following the publication of the Group's results, targeted for 18 April 2019, the financial statements of subsidiary company Steinhoff Investment Holdings Limited is scheduled to be published by the end of May 2019.

Conclusion

In such challenging circumstances, it is a tribute to the efforts of our management teams and colleagues across the business that we were able to deliver an increase in Group revenue in the period.

In the near term, we are looking forward to the finalisation of the forensic investigation, the completion and release of the 2017 and 2018 annual reports and the implementation of the financial restructuring. The Company's reporting will then finally be up to date again and we will be able to focus fully on planning ahead, addressing the Group's debt in a structured way, facing the numerous litigation challenges, improving our operating performance and continuing our regular reporting.

Appreciation

We appreciate our funders' continued support and willingness to consider and explore solutions in the best interests of all stakeholders. We also thank all of our business partners for their ongoing commitment to the Group.

Finally, we would like to take this opportunity to thank our employees, the senior management team and Supervisory Board, all of whom have been working around the clock to keep the business on track through these challenging times.

Louis du Preez
Chief executive officer

On behalf of the Management Board

28 February 2019

OPERATIONAL REVIEW

FOR THE THREE MONTHS ENDED 31 DECEMBER 2018

This report has not been audited or reviewed by the statutory auditors.

The revenue split presented below is reported according to the manner in which the businesses are currently being managed. This is different to the segmental format previously reported on. Please refer to the footnote on this page for more detail.

REVENUE FROM CONTINUING OPERATIONS (€M)*

	3MFY19 Unaudited	3MFY18 Unaudited	% change
EUROPE AND UNITED KINGDOM			
Total Europe and United Kingdom revenue	2 143	2 070	4
Pepkor Europe	993	867	15
Conforama	927	958	(3)
Other#	220	243	(9)
Properties	3	2	50
AFRICA			
Total Africa revenue	1 581	1 501	5
Pepkor (separately listed)	1 198	1 143	5
Automotive	381	356	7
Other (Properties Africa)	2	2	–
UNITED STATES OF AMERICA			
Mattress Firm	615	638	(4)
AUSTRALASIA			
Greenlit Brands	352	359	(2)
Total group revenue	4 691	4 568	3

* *The 3MFY19 trading update revenue has been disclosed as an aggregation of revenue across all current segments. This has been done in the interest of transparency and to ensure comparability when explaining the Group's trading performance from period to period and will not necessarily reflect statutory reported revenue for accounting purposes. The final implementation of accounting policies such as consolidation principles (for example consolidation vs equity accounting for certain operations), classification of discontinued operations and representation of segments is still under consideration. These principles will be finalised with the publication of the Group's 2018 accounts (expected to be published on 18 April 2019) for segments as they existed during that reporting period and will be updated at the Group's 2019 interim results for changes that occurred after 30 September 2018.*

\# *Breakdown of 'Other' is provided on page 9.*

Introduction

On a comparable basis, the Group reported revenue growth from continuing operations of 3% to €4 691 million for the quarter under review (3MFY18: €4 568 million).

The operational results for the quarter continued to reflect the knock-on impacts of the announcement of accounting irregularities in December 2017. While management is still spending a significant amount of time engaging with funders, suppliers and credit insurers, from a customer confidence point of view, trading is starting to show signs of stabilisation.

Most of the general merchandise businesses are expanding at a rapid pace, while in the household goods businesses, new store openings continue to be considered only on a highly selective basis and many capex projects remain on hold.

EUROPE AND UNITED KINGDOM

PEPKOR EUROPE

REVENUE (€M)

	3MFY19 Unaudited	3MFY18 Unaudited	% growth	% constant currency growth
PEPCO (Eastern Europe)	477	355	34	37
Poundland (Largely UK)	516	512	1	1
Total	**993**	**867**	**15**	

A further quarter of strong revenue growth in Pepkor Europe is a reflection of a clear growth strategy (currently centered on PEPCO), unwavering focus on execution, and the Group's market-leading position within a core discount segment that is increasingly attractive to a wide range of customers. The positive early progress in Dealz provides further growth potential.

The first quarter, which typically represents approximately a third of full-year revenue, reported revenue growth of 15%, driven primarily by continued expansion of the PEPCO format in central Europe. At 31 December 2018, Pepkor Europe traded from 2 451 stores, an increase of 12% from 31 December 2017.

PEPCO

When set against the challenging comparative, the maintenance of strong like-for-like growth in PEPCO is pleasing. The growth achieved in PEPCO reflects the continued investment in the customer offer, particularly through a strengthened seasonal and toy offer, and has been achieved despite the ongoing disruption caused by the phased introduction of the Sunday trading ban in Poland in March 2018.

PEPCO expanded its store portfolio by over 20% year-on-year and opened 70 new stores in the quarter. Disciplined store expansion will continue, including PEPCO's entry to the Bulgarian market through an initial 10 stores to be opened in the balance of the financial year.

Poundland

Poundland continues to outperform the wider UK high street, delivering broadly flat like-for-like growth, driven primarily by the successful introduction of clothing 'shop-in-shops', now present in approximately 300 stores, and the measured extension of product ranges to support a broader range of price points.

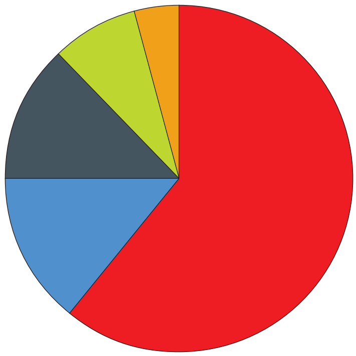
Poundland continues to rationalise its store portfolio in the UK. However, it took the opportunity presented by the failure of a competitor business in summer 2018 to introduce its offer to new catchments through the opening of 13 new stores in the UK and improving the existing offer through three relocations to larger stores. These stores are performing well and delivering strong returns on invested capital.

The European Dealz business continues to develop very positively and, based on confidence in its initial trading performance, Pepkor Europe intends to open 35 new stores in FY19, increasing the portfolio to approximately 60 stores. Reflecting the Group's established knowledge of the market, the Polish business, which now operates from 14 stores, shows encouraging early signs and new store openings will be concentrated in this territory. Spain continues to perform well, delivering positive like-for-like performance, benefitting from a full PEPCO-branded fashion offer in six stores.

CONFORAMA GROUP

	3MFY19 Unaudited	3MFY18 Unaudited	% growth	% constant currency growth
Revenue (€m)	927	958	(3)	(4)

REVENUE BY REGION



3MFY19		3MFY18
61%	France	64%
14%	Iberia	13%
13%	Switzerland	12%
8%	Italy	7%
4%	Balkans	4%

For the quarter under review, the Conforama Group reported a 3% decline in revenue (a reduction of 3.5% in constant currency).

Revenue growth was delivered by the Conforama international operations (comprising all Conforama territories outside of France); however, this was undermined by a declining sales performance in France, impacted by the gilets jaunes ('yellow vest') protests that led to temporary store closures from 17 November on every Saturday during the calendar year-end sales peak period. In addition, there was a lack of availability of products in some home electronic categories, especially white goods (large appliances). According to a local market research organisation, IPEA, the general furniture market in France was down by 5% in the second half of the 2018 calendar year.

Reported revenue growth for the Conforama international operations was positive, supported by a strong performance from new store openings (2018 financial year store openings: Iberia, six stores; Italy, two stores; Balkans, two stores; and Switzerland, one store). Like-for-like revenue growth in Switzerland, Iberia and the Balkans was marginally negative, while Italy reported positive like-for-like revenue for the first time since March 2017.

In terms of product mix, revenue in the core product categories fell 1% and 2% in the quarter for furniture and home accessories, respectively, while in the lower-margin electronics product category it decreased by 6%, reflecting a decrease in sales in the brown and grey goods categories (TVs, mobile phones, computers, etc.), while white goods showed good resilience.

OTHER

REVENUE (€M)

	3MFY19 Unaudited	3MFY18 Unaudited	% growth	% constant currency growth
United Kingdom	149	172	(13)	(13)
LIPO	46	45	2	–
ABRA	15	17	(12)	(10)
Manufacturing (continuing)	10	9	11	
Total continuing	220	243	(9)	
ERM: kika-Leiner (discontinued)	–	258		
Manufacturing (discontinued)	37	75		
ERM: Extreme Digital	–	43		
Total discontinued	37	376		

United Kingdom household goods

Reported revenue in the United Kingdom household goods division decreased by 13% to €149 million, influenced in part by a reduced store base, while like-for-like revenue declined by 5%.

Although lower than in the same quarter in the previous year, revenue increased for the second quarter in a row, reflecting management initiatives implemented in 2018 that are continuing to gain traction.

LIPO

LIPO's primary focus is on increasing profitability and cash flow. The business increased total euro-reported revenue by 2% in the period (flat in constant currency), with like-for-like revenue decreasing by 1% for the period under review, in line with declining local furniture market growth rates.

ABRA

In a competitive market, reported revenue in Poland decreased by 12% to €15 million, while like-for-like revenue declined by 11%.

Manufacturing

Given the limited sales made by the manufacturing operations (Puris, Impuls and Steinpol) to other members of the Group, these businesses were designated non-core to Steinhoff. Sale transactions to dispose of Puris and Impuls were concluded in September 2018, while the Steinpol sale is subject to merger control clearance. As a result, the majority of the manufacturing operations have been classified as discontinued operations.

The continuing operations consist of selected sourcing and logistics operations that are not material to the Group.

kika-Leiner

The Group has completed the sale of the kika-Leiner retail and property companies. For accounting purposes, the effective date of sale for the retail and property companies are recognised in the fourth quarter of the 2018 financial year.

Extreme Digital

The Extreme Digital operations were disposed of on 31 January 2018.

Operational review continued

PROPERTIES

REVENUE (€M)	3MFY19 Unaudited	3MFY18 Unaudited	% growth
Europe	3	2	50
Africa	2	2	–
Total	**5**	**4**	**25**

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 retail, warehouse and manufacturing facilities. The Conforama property portfolio does not form part of this property division and is included in the assets of the Conforama division.

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.

With regard to the sale of the kika-Leiner properties (which are reported in the property segment), as mentioned in the kika-Leiner paragraph on page 9, for accounting purposes the effective date is recognised in the fourth quarter of the 2018 financial year.

AFRICA

PEPKOR AFRICA

	3MFY19 Unaudited	3MFY18 Unaudited	% growth	% constant currency growth
Revenue (€m)	**1 198**	**1 143**	**5**	**6**

In a challenging trading environment, Pepkor Africa increased revenue by 6% in local currency to R19.5 billion in the three months ended 31 December 2018.

Clothing and general merchandise

The clothing and general merchandise segment reported sales growth of 6% and like-for-like growth of 3%. Retail space increased by 4% compared with the comparative quarter.

In aggregate, the PEP and Ackermans brands reported sales growth of 7% and like-for-like sales growth of 3%. Core clothing, footwear and homeware (CFH) product categories achieved 9% sales growth and 5% like-for-like growth, which is very encouraging in the current operating environment. In aggregate, PEP and Ackermans reported inflation in CFH retail selling prices of 2%.

Notwithstanding a decline in sales of 5% in rand terms, as a result of currency devaluation and a poor performance in Zimbabwe, PEP Africa reported a markedly improved performance in constant currency with sales growth of 19% and like-for-like growth of 13%. This was supported by improved performance in Angola, Zambia and Nigeria.

The Speciality division reported sales growth of 7% with like-for-like growth of 3% in aggregate. Satisfactory performance was achieved in the clothing product categories with a continued softer performance in Footwear.

Furniture, appliances and electronics

The furniture, appliances and electronics brands reported sales growth of 1% and a decline in like-for-like sales of 3%, as financially constrained consumers favoured purchases of essentials as opposed to durable product categories.

Building materials

Sales growth of 2% was achieved in the building materials segment, with like-for-like growth of 4%, while retail space reduced by 1%. Performance was supported from a wholesale perspective; however, discounting in this highly competitive and contracting market continues to put margins under pressure.

FinTech

The FLASH business continued to achieve significant growth, while a satisfactory performance was reported by the Capfin call centre and debt collection operations. The segment reported 31% revenue growth for the quarter.

AUTOMOTIVE

	3MFY19 Unaudited	3MFY18 Unaudited	% growth	% constant currency growth
Revenue (€m)	**381**	**356**	**7**	**8**

Automotive reported good revenue growth, despite a decline in the overall new vehicle market during the period under review. Revenue increased to €381 million, up 7% compared with the previous period. Constant currency growth of 8% reflected the impact of acquisitions, including the addition of the Ford dealerships in February 2018. Like-for-like revenue increased by 4%.

UNITED STATES OF AMERICA

MATTRESS FIRM

	3MFY19 Unaudited	3MFY18 Unaudited	% growth	% constant currency growth
Revenue (€m)	**615**	**638**	**(4)**	**(7)***

Mattress Firm successfully completed its restructuring on 21 November 2018, 48 days after the Chapter 11 filing (described in more detail in the Management Board letter). Mattress Firm remains the largest speciality mattress retailer in the US with over 2 550 company-operated store locations, with an optimised store footprint, a stronger balance sheet and significant financial liquidity.

The Chapter 11 process was conducted to allow Mattress Firm to restructure its balance sheet, secure additional new funding and optimise its retail store portfolio by exiting 640 economically inefficient retail store locations. In addition, approximately 40 stores were closed during the period under review through natural lease expirations.

Sales for the first quarter totalled €615 million, the decrease of 4% being driven primarily by a significant reduction in the store base from the prior year period. Encouragingly, like-for-like sales increased by 3.6% for the quarter under review, representing the third consecutive quarter of positive like-for-like sales growth. Furthermore, sales per store during the quarter under review increased by 17% as the business benefitted from better than expected transfer of sales from stores closed during the restructuring and from improved productivity.

The profit margin, while still at lower levels and impacted by restructuring and store closures, represented a third consecutive quarter of improvement.

The second quarter of the financial year has started well. In January 2019, sales momentum was higher with over 16% like-for-like sales growth against January 2018, while sales per store during the January financial period increased by 34%.

** Disclosed Mattress Firm revenue includes revenue from Sherwood of €11 million (3MFY18: €13 million). Excluding Sherwood revenue, Mattress Firm constant currency revenue declined by 6%.*

Operational review continued

AUSTRALASIA

GREENLIT BRANDS

	3MFY19 Unaudited	3MFY18 Unaudited	% growth	% constant currency growth
Revenue (€m)	**352**	**359**	**(2)**	**2**
Household goods	**172**	**169**	**2**	**6**
General merchandise	**180**	**190**	**(5)**	**(2)**

The Australasian division rebranded its holding company as 'Greenlit Brands' during the fourth quarter of the 2018 financial year. The underlying trading brands remain unchanged.

Despite operating in weakening retail conditions in Australia, the Australasian operations achieved positive revenue growth of 2% when measured in AUD. Euro-reported revenue decreased by 2% to €352 million (3MFY18: €359 million).

During the quarter under review, the Australasian household goods businesses' like-for-like written sales decreased by 1.2%, while the general merchandise businesses' like-for-like written sales decreased by 2.6%.

Share capital

The number of shares in issue at 31 December 2018 and 31 December 2017 was **4 310 million** shares.

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.

ANNEXURE

Exchange rates

	AVERAGE TRANSLATION RATE		
	3MFY19	3MFY18	% change
ZAR:EUR	0.0614	0.0621	(1)
PLN:EUR	0.2326	0.2363	(2)
GBP:EUR	1.1278	1.1270	–
AUD:EUR	0.6289	0.6528	(4)
USD:EUR	0.8761	0.8493	3
CHF:EUR	0.8799	0.8604	2

CORPORATE AND CONTACT INFORMATION

REGISTRATION NUMBER

63570173

REGISTERED OFFICE

Block D
De Wagenweg Office Park
Stellentia Road
Stellenbosch 7600
RSA

WEBSITE

www.steinhoffinternational.com

AUDITORS

Deloitte Accountants B.V.
Gustav Mahlerlaan 2970
1081 LA Amsterdam
The Netherlands

PO Box 58110
1040 HC
Amsterdam
The Netherlands

COMPANY SECRETARY

Ewoud van Gellicum

SOUTH AFRICAN SPONSOR

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

PO Box 7403
Stellenbosch 7599

SOUTH AFRICAN TRANSFER SECRETARIES

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

PO Box 61051
Marshalltown 2107

COMMERCIAL BANKS

Standard Corporate and Merchant Bank
(A division of The Standard Bank of South Africa Limited)
(Registration number 1962/000738/06)
Ground Floor, 3 Simmonds Street
Johannesburg 2001

PO Box 61150
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.steinhoffinternational.com

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