Quarterly update

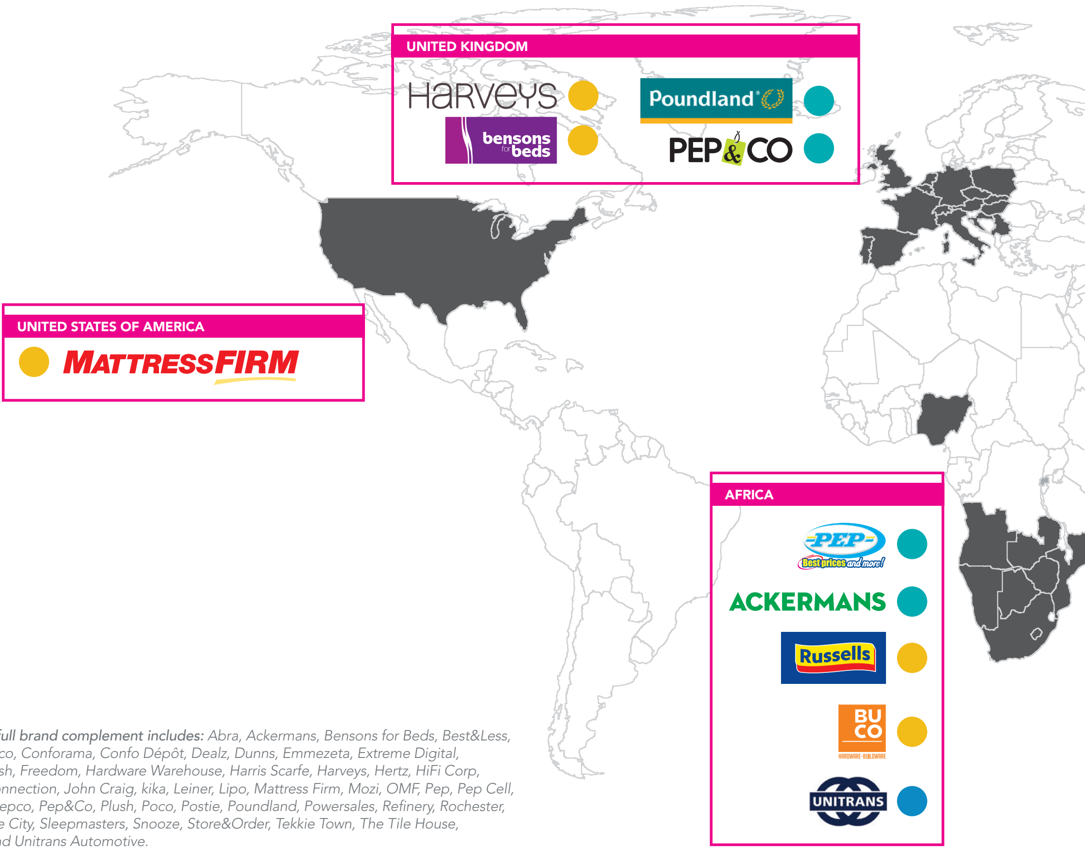
**NINE MONTHS ENDED 30 JUNE 2017 (9MFY17)
(UNAUDITED)**

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, Confo Dépôt, Dealz, Dunns, Emmezeta, Extreme Digital, Fantastic, Flash, Freedom, Hardware Warehouse, Harris Scarfe, Harveys, Hertz, HiFi Corp, Incredible Connection, John Craig, kika, Leiner, Lipo, Mattress Firm, Mozi, OMF, Pep, Pep Cell, Pep Home, Pepco, Pep&Co, Plush, Poco, Postie, Poundland, Powersales, Refinery, Rochester, Russells, Shoe City, Sleepmasters, Snooze, Store&Order, Tekkie Town, The Tile House, Timbercity and Unitrans Automotive.

STEINHOFF
INTERNATIONAL HOLDINGS N.V.

Quarterly update

NINE MONTHS ENDED 30 JUNE 2017 (9MFY17) (UNAUDITED)

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.

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.

HIGHLIGHTS

for the quarter ended 30 June 2017

Conforama turns 50

Conforama celebrated its 50th anniversary in June. A function for selected guests, including business partners, suppliers and colleagues, commemorated this achievement. Artworks, replicated in the style of the Renaissance, were exhibited together with Conforama furniture. The art was auctioned and the proceeds were donated to Secours populaire francais, a charity that Conforama has been supporting since 2006.

New stores

kika – Eisenstadt, Austria

kika – Ansfelden, Austria

Lipo – Ansfelden, Austria

Abra – Budaörs, Hungary

Poco – Böblingen, Germany

New distribution centre complete

Construction of a new warehouse and distribution centre in Kamp-Lintfort, Germany, is complete.

The project commenced in August 2016, covering a total space of 52 300 m^2.

This brings the group total warehouse space to 2.5 million m^2 .

STEINHOFF
INTERNATIONAL HOLDINGS N.V.

STAR
STEINHOFF AFRICA RETAIL

New STAR to list

Steinhoff Africa Retail (STAR) owns all Steinhoff's African retail assets (excluding the automotive division) and will list on the JSE Limited in September 2017. STAR's vision is to be the preferred destination for delivering value to the African consumer and all other stakeholders, and its strategy remains aligned to that of Steinhoff – aiming to provide everyday products at affordable prices and serving customers at their convenience. STAR aims to deliver on this vision through various organic and innovative growth opportunities and initiatives, which include the roll-out of new stores; leveraging its store footprint to capitalise on virtual product development; increasing its market share in financial and other services; entry into new product offerings and services; and leveraging group synergies and operating platforms to lower costs. The STAR Group will also continue to explore product categories and services in which it has low market shares, with a view to expand in these areas.

The purpose of the STAR listing is to create a diversified listed retail company of significant size and scale with its roots in Africa. The listing will also allow investors wishing to access the African growth story to invest directly in STAR. The separation of Steinhoff's emerging and developed market retail businesses is a natural progression, given their distinct strategic and geographic focus.

Steinhoff will continue to be a controlling shareholder in the company, while STAR will continue to leverage off Steinhoff´s strategic, centralised sourcing, manufacturing and logistics expertise in order to maximise operating efficiencies across its retail operations.

Product offering includes apparel, footwear, household goods, furniture, consumer electronics, appliances, general merchandise and building materials, while also providing financial and mobile services.

ACKERMANS
BUCO
BRADLOWS
capfin
DUNNS
FLASH
HARDWARE WAREHOUSE
HiFi Corp
Incredible Connection
JOHN CRAIG
PEP
POCO
REFINERY
ROCHESTER
Russells
ShoeCity
Sleepmasters
Tekkie Town
the tile house
TIMBERCITY

12 African countries

4 800+ stores

43 000+ employees

OPERATIONAL REVIEW

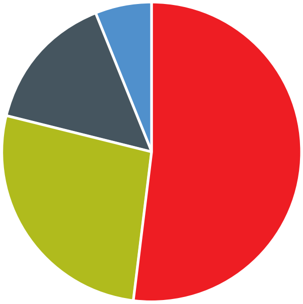
Nine months ended 30 June 2017

The sales momentum of the group continued to show good growth for the nine months ended 30 June 2017. Revenue increased by 48%, largely relating to the acquisitions of Mattress Firm, Poundland and Fantastic Furniture, while organic revenue (excluding acquisitions) increased by 8%, led by good growth experienced in the European and African geographical territories.

REVENUE (€m) **for the nine months ended 30 June 2017**	**9MFY17**	**9MFY16***	**% change**
Europe	**7 719**	6 167	25%
Africa	**4 012**	3 190	26%
USA	**2 224**	–	
Australasia	**950**	698	36%
	14 905	10 055	48%

** 9MFY16 represents the nine months ended 30 June 2016.*

GEOGRAPHICAL CONTEXT – REVENUE for the nine months ended 30 June 2017



52%	Europe
27%	Africa
15%	USA
6%	Australasia

Europe (52% of group sales)

Europe represents the largest geographical area within the Steinhoff group, generating 52% of sales. During the nine months under review, the group generated €7.7 billion of sales in Europe, comprising 73% (€5.6 billion) in the household goods segment and 27% (€2.1 billion) in the general merchandise segment.

The acquisition of Poundland became unconditional on 30 September 2016, and consequently the business added €1.3 billion revenue for the nine months ended 30 June 2017, contributing to the 25% growth experienced in the European region.

Excluding acquisitions, the group increased European organic revenue by 1%. The household goods retail segment revenue (excluding supply chain) was similar to that of the previous period, influenced by the 12% devaluation of the pound to the euro. In addition, the comparative performance analysis is influenced by a strong base (9MFY16), owing to a high volume, low margin television sales in support of the UEFA Europa League in France during the third quarter of the previous year.

The effect of supply chain revenue elimination, as the group continues to utilise more capacity internally, also influenced the revenue growth of the segment, while benefiting group margin. Internal capacity reallocation to group companies has been particularly strong in the United Kingdom, benefiting gross margins in the integrated pound-denominated supply chain. In addition, the German automated bathroom and kitchen manufacturing division made great strides in adding capacity to supply both Conforama and the ERM group of retailers.

EUROPE REVENUE (€m) for the nine months ended 30 June 2017	9MFY17	9MFY16*	% change
Organic: Household goods Europe	5 623	5 840^	(4%)
Organic: General merchandise Europe	762	500	52%
Organic: Europe	**6 385**	**6 340**	**1%**
Add: Acquisition#	1 334	(173)^	
Total reported: Europe	**7 719**	**6 167**	**25%**

**9MFY16 represents the nine months ended 30 June 2016.*

 # Acquisitions relate to Poundland. Prior year adjustment relates to pro forma revenue of kika-Leiner acquisition.

^ Includes €173 million pro forma revenue (October and November 2015) relating to the kika-Leiner acquisition (effective 1 December 2015).

Household goods: Europe

Conforama comprises 35% of the European retail division and 48% of the European household goods segment. During the nine months ended 30 June 2017, the Conforama group generated sales of €2.686 billion (9MFY16: €2.633 billion), representing a 2% increase. Like-for-like comparative sales continued to be impacted by a strong base (9MFY16), resulting from high volume, low margin television sales in the French and Swiss businesses. The high television sales in the comparative period impacts sales growth, but benefits margin in the current period due to the favourable sales mix performance. Margin contribution and growth dynamics continued to rise in line with that reported at interim stage.

Sales momentum in Iberia continued to show good like-for-like growth, supported by three new store openings in this territory during the nine-month period. The newly opened stores in the Balkan territory (comprising Croatia and Serbia) continued to perform well, with sales in Italy at similar levels to the previous period.

The ERM business contributed €1.802 billion (9MFY16: €1.660 billion), representing a 9% increase versus the comparative period. On a comparable basis, sales increased by 6% with flat like-for-like sales in contrast with a market that has contracted in the German-speaking territories where ERM operates.

The German business continues to show good growth, while stability returned to the Austrian business with another constant like-for-like performance during the third quarter. The trading dynamics in the refurbished Austrian stores are exceeding expectations, benefiting per square meter sales and profitability in Austria. The eastern European territory showed good growth, supported by two new store openings in Hungary during the last quarter.

Euro-reported revenue in the United Kingdom decreased by 9% to €489 million (9MFY16: €538 million), impacted by a 12% devaluation of the pound. Pound-reported revenue increased by 3% to £422 million (9MFY16: £409 million), supported by a continuing good bedding performance and a better quality estate in a challenging furniture market.

In line with the group's procurement strategy to maximise efficiencies and strengthen group margins, external supply chain revenue continued to decrease as a result of the additional capacity utilised by group-owned retailers. In addition, the 12% devaluation of the pound affected euro-reported sales. During the nine months under review, external supply chain decreased to €646 million (9MFY16: €836 million).

General merchandise: Europe

The general merchandise segment in Europe had another good quarter and increased organic sales by 52% to €762 million for the nine months ended 30 June 2017 (9MFY16: €500 million). The acquisition of Poundland added €1.334 billion of revenue. In aggregate, the European general merchandise division reported €2.096 billion for the period under review, representing 27% of the group's European business.

In eastern Europe the business continues to steam ahead and during the period reported like-for-like sales growth of more than 20%. The business continues to show good growth throughout all the territories in which it operates, in like-for-like and in new stores. A further 71 new stores were opened in the third quarter, with 24% of sales generated from stores less than 12 months old, and over 35% of total sales now being generated outside of Poland.

During the nine months under review, Poundland delivered a respectable 2.5% like-for-like sales growth and is trading ahead of the acquisition value creation plan.

The 54 stand-alone PEP&CO stores achieved like-for-like sales growth of 16.8%. As previously reported, the group has redirected business development of PEP&CO away from stand-alone stores and accordingly, the group added 64 store-in-stores within Poundland. Margins remain good across the territory, despite great strides having been made in clearing excess inventory within the core Poundland estate.

Africa (27% of group sales)

The group generated €4 billion (R58.4 billion) revenue in the African region for the nine months ended 30 June 2017. Despite a challenging consumer environment in South Africa, good like-for-like sales figures have been recorded by all retailers.

The 10% real growth in revenue translated to a 26% increase in euro-reported numbers, relating to the 15% strengthening of the rand against the euro in the period under review.

AFRICA REVENUE (€m) for the nine months ended 30 June 2017	9MFY17	9MFY16*	% change
Organic: General merchandise Africa	2 167	1 729	25%
Organic: Household goods Africa	757	656^	15%
Automotive	1 052	871	21%
Organic: Africa	**3 976**	**3 256**	**22%**
Add: Acquisition#	36	(66)^	
Total reported: Africa	**4 012**	**3 190**	**26%**

** 9MFY16 represents the nine months ended 30 June 2016.*

 # Acquisition relates to Tekkie Town. Prior year adjustment relates to pro forma revenue of Iliad (Steinbuild) acquisition.

^ Includes €66 million pro forma revenue (October to December 2015) relating to the Illiad acquisition (effective 1 January 2016).

General merchandise: Africa

The general merchandise segment continued to gain market share and increased South African* like-for-like sales by 7.4%, while 142 new stores were added during the nine-month period under review. In South Africa, revenue of R29.8 billion (increase of 13.1%) was generated for the nine months under review. Growth outside of South Africa has slowed down, in a deliberate effort to maintain the profitability in these markets. Merchandise was subject to significant price increases in order to counter the local currency devaluation. Despite this, constant currency sales increased by 14% in markets outside of South Africa, led by like-for-like sales of 5% and the addition of 21 new stores in this region during the period under review.

Household goods: Africa

The household goods segment reported flat organic revenue in constant currency, despite the reduction of the store estate, with the division trading 77 stores (±8% of store estate) less than the nine month period last year.

Automotive: Africa

In a particularly tough automotive market the group is pleased to announce a 5% constant currency increase in revenue for the nine-month period under review, supported by a favourable mix of product and services.

** South Africa includes BLNS countries (Botswana, Lesotho, Namibia and Swaziland)*

USA: Mattress Firm (15% of group sales)

The Mattress Firm acquisition became unconditional in September 2016 and was part of the group for the entire nine months under review. During this time the group decided to accelerate its long-term strategy in this market, and in nine months the group has:

- rebranded and restructured 1 369 stores (approximately 40% of the national store estate); and
- exited Mattress Firm's restrictive supply agreement with its previous biggest supplier, which resulted in a complete range redesign for the entire estate, starting in April 2017.

The implementation and acceleration of the repositioning will, and has, created short-term disruption in the business. Following the restrictive conditions in exiting the main supplier contract in April 2017, the third quarter bore the brunt of this transition in terms of sales performance, as expected and guided at interim stage.

For the nine-month period ended 30 June 2017, against the disruptive background outlined above, the business generated $2.406 billion in sales, translating to €2.224 billion of euro-reported revenue, a satisfactory performance and in line with expectations for the group.

It is complicated to measure real growth and the quality of the performance amidst such business disruption. Sales ex-Tempur Sealy have developed dramatically, with recent figures approaching growth of 50% after changeover. However, in looking at the core business as a whole and analysing same-store sales numbers for the 'stand-alone' Sleepy's business (where we saw the largest impact, as 100% of the Sleepy's estate was rebranded during the nine months under review and the core product range was changed in the last quarter), Sleepy's same-store sales declined by over 20% year to date. In contrast, the total group, including the Sleepy's figures, performed better and was down by approximately 10%, supported by a stronger performance from the core Mattress Firm estate, with the majority of the declines experienced in the last quarter during the product range changeover. The introduction of iComfort and iSeries led to a targeted increase in the $1 000 to $2 000 bedding price range. This category now represents 15% of sales (up from 4% in the previous year), another key strategic initiative for the group. While like-for-like sales in the business are down by 10%, unit sales have only declined by 6%.

These figures are in line with our expectations during the changeover, and encouragingly, the sales momentum is increasing daily, and core product margin before incentives has recently increased by over 150 bps and continues to expand. This performance is in line with the quality of earnings we are expecting with the long-term strategy for the group.

Following some initial supply delays in the range changeover during May, our long-term supply arrangements in the USA have since been reinforced with a supportive ambitious core supplier in Serta Simmons, supplemented by the group's investment in Sherwood Bedding, to supply tactical and private label product to the Mattress Firm group.

Australasia (6% of group sales)

The group generated €950 million of sales in Australasia, comprising 46% (€438 million) in the household goods segment and 54% (€512 million) in the general merchandise segment. The acquisition of Fantastic Furniture became unconditional on 1 January 2017, and consequently added €189 million revenue for the period under review, contributing to the 36% growth experienced in the Australasian region. Reported revenue was impacted by a 6% strengthening in the Australian dollar, translating into organic constant currency growth of 3% in the region.

AUSTRALASIA REVENUE (€m) for the nine months ended 30 June 2017	9MFY17	9MFY16*	% change
Organic: Household goods Australasia	249	230	8%
Organic: General merchandise Australasia	512	468	9%
Organic: Australasia	**761**	**698**	**9%**
Add: Acquisition#	189	–	
Total reported: Australasia	**950**	**698**	**36%**

** 9MFY16 represents the nine months ended 30 June 2016.*

 # Acquisitions relate to Fantastic Furniture.

Household goods: Australasia

The region was impacted by continued challenging trading conditions in the middle market furniture brands, with like-for-like sales trading in negative territory. Fantastic Furniture reported a strong set of results for its first reporting period within the Steinhoff group, with constant currency growth of 3% and like-for-like sales growth of 4.5%, clearly illustrating the resilience of the value price segment where Fantastic trades.

General merchandise: Australasia

Despite challenging market conditions, like-for-like sales and reported constant currency revenue increased by 3%.

Share capital

The number of shares in issue (net of treasury shares) at 30 June 2017 was **4 265 million** (30 June 2016: 3 758 million).

The diluted average number of shares in issue amounts to **4 684 million** at 30 June 2017 (30 June 2016: 4 088 million).

Outlook

The European household goods segment remains on track to deliver good operating profit growth for the twelve months ending 30 September 2017 compared to last year. Like-for-like sales in both Conforama and ERM returned to positive territory in July and August, following the traditionally slow third quarter under review. During the European summer, the first dual-marketing initiatives were launched between Conforama and Showroomprivé in France, and further initiatives, such as cross-pollination of Conforama's store network with Showroomprivé's digital offer, will be explored in the coming months.

In the United Kingdom, the furniture retail market is expected to remain challenging, while the resilience of the bedding retail market is expected to deliver modest growth.

The European and African general merchandise segments are expected to continue its current growth trajectory.

The addition of Fantastic Furniture in Australia is proving highly complementary to the group's existing Asia Pacific household goods brands. The aggregated brand portfolio now covers the value spectrum from entry-level to premium, with differentiation in specialist (mattress) store formats and a complete retail solution in furniture. The reorganised business and added scale, together with the cost-saving initiatives in the general merchandise segment, is now better able to counter down-trading and dilute the business's cost base across the entire portfolio.

In the United States of America the disruption caused by the acceleration of the long-term strategic plan is now largely complete, with the business's focus returning to growth. Sales and margin have continued to improve following the third quarter. In addition to the success of the lower price points range ($1 000 to $2 000) being introduced during this quarter (increasing sales to 15% from 4%), the new luxury and adjustable bases bedding range was introduced in August and will result in increased average unit prices and revenue. Hurricane Harvey will impact September sales and deliveries, shifting sales out to later periods.

The listing of Steinhoff Africa Retail (STAR) is on track for the end of September and will provide additional visibility and focus on this growing business unit.

Administration

Analyst call

Steinhoff International Holdings N.V. will host a conference call for analysts and investors on 31 August 2017 at 15:00 CEST to discuss its quarterly update.

The webcast link is available on the company website via www.steinhoffinternational.com.

Forward-looking statements

This report contains management's view on future developments based on information currently available and is subject to risks and uncertainties, as described in the risk report, as included in the 2016 annual 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

Segmental revenue breakdown

REVENUE (€m) for the nine months ended 30 June 2017	9MFY17	9MFY16*	% change
Household goods	9 042	6 487	39%
Europe	5 623	5 667	(1%)
Africa	757	590	28%
USA	2 224	–	
Australasia	438	230	90%
General merchandise	4 811	2 697	78%
Europe	2 096	500	>100%
Africa	2 203	1 729	27%
Australasia	512	468	9%
Automotive (Africa)	1 052	871	21%
Total	**14 905**	**10 055**	**48%**

** 9MFY16 represents the nine months ended 30 June 2016.*

Exchange rates

	AVERAGE TRANSLATION RATE		
	9MFY17	9MFY16*	% Change
ZAR:EUR	0.0687	0.0600	15%
PLN:EUR	0.2323	0.2307	1%
GBP:EUR	1.1582	1.3154	(12%)
AUD:EUR	0.6958	0.6572	6%
USD:EUR	0.9245	0.9011	3%
CHF:EUR	0.9279	0.9158	1%

** 9MFY16 represents the nine months ended 30 June 2016.*

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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

www.**steinhoff**international.com