

# MASSMART

## WHO ARE THEY

Massmart is the third largest retailer in South Africa. Its model is one of low-margin, low-cost distribution of mainly branded consumer goods for cash. Its sales comprise 53% food and liquor, 42% general merchandise and 13% home improvement. It operates under various brands - Game, Dion Wired, Makro, Builders Warehouse, Builders Trade Depot, Builders Express, CBW and Jumbo

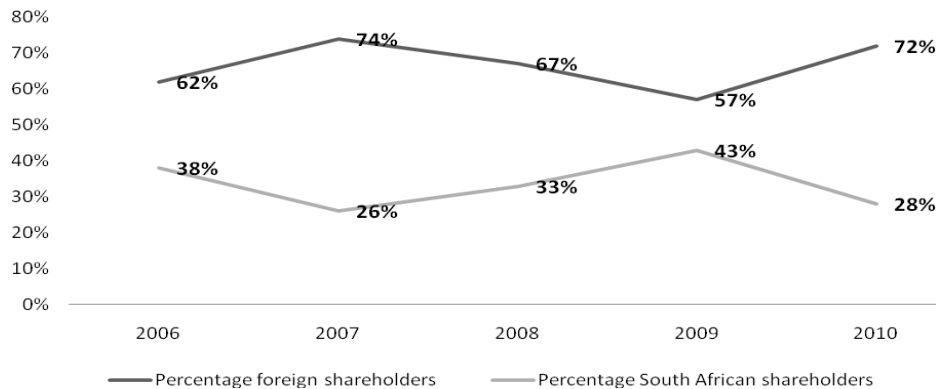
## WHERE ARE THEY

Massmart has a total of 288 stores in 14 countries in sub-Saharan Africa. 232 stores are in South Africa, 11 in Botswana, one in Ghana, Malawi, Mauritius, Mozambique, Nigeria, Tanzania, Uganda and Zambia, two in Lesotho and Zimbabwe and three in Namibia.

## TOP FIVE SHAREHOLDERS (JUNE 2010)

Shareholder	Percentage shares
Aberdeen Asset Management Group	16.6 (2009 - 9.66%)
Public Investment Corporation	13.8 (2009 - 10.50%)
JP Morgan Asset Management	7.5 (2009 - 5.25%)
Lazard Asset Management LLC Group	6.9 (2009 - 4.32%)
Baillie Gifford & Co Ltd	5.4

## PERCENTAGE FOREIGN SHAREHOLDERS

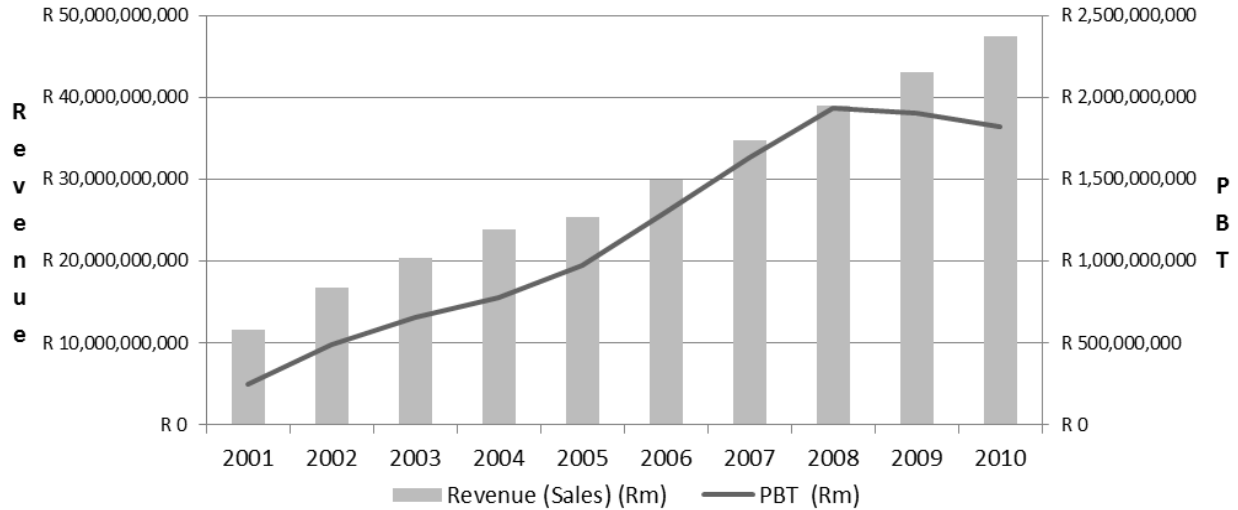


## FINANCIAL PERFORMANCE

	Revenue (Sales) (Rm)	PBT (Rm)	Annual growth in sales (%)	Annual growth in PBT (%)
2001	11568.4	246.7	11.70%	82.60%
2002	16709.2	490.2	44.40%	98.70%
2003	20369.5	654.5	21.90%	33.50%
2004	23787.7	774	16.80%	18.30%
2005	25381.5	972.1	6.70%	25.60%
2006	29963.6	1295.9	18.10%	33.30%
2007	34807.6	1628.9	16.20%	25.70%
2008	38958.3	1933.4	11.90%	18.70%
2009	43128.7	1902	10.70%	-1.60%
2010	47451	1820	10.00%	-4.30%

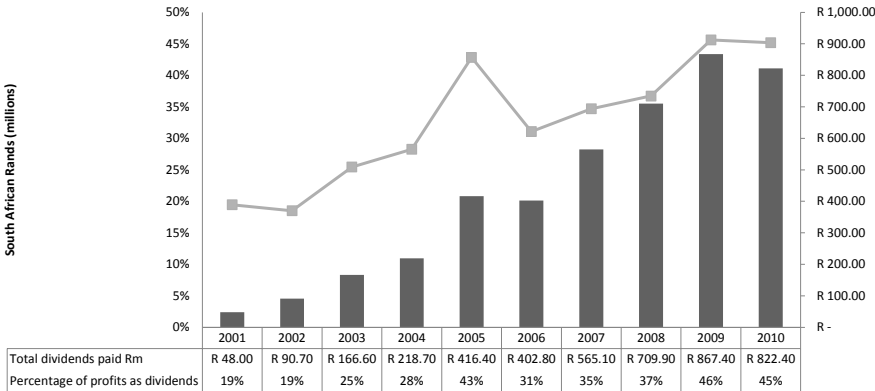
Source: Massmart Annual Report 2010, p. 50 – 51

## REVENUE AND PROFIT 2001 - 2010



While sales figures continue to grow in double digits, the profitability of the group has shrunk over the past two financial years.

### MASSMART TOTAL DIVIDEND PAYOUT AS A PERCENTAGE OF PROFIT BEFORE TAX FOR THE YEAR



### EXECUTIVE REMUNERATION

POSITION	SALARY 2008*	TOTAL PAY	SALARY 2009*	TOTAL PAY
Chief Executive Officer	R2,250,000	R13,000,000	R2,875,000	R14,152,000
Chief Financial Officer	R2,036,000	R10,110,000	R2,240,000	R7,517,000

\*Salary disclosed in Annual Report includes allowances

\*\*Total Pay includes salary, allowances, benefits, bonuses and long-term incentive payments

Chief Executive Officer salary increase 2008 – 2009: 27.7 percent (R625. 000)

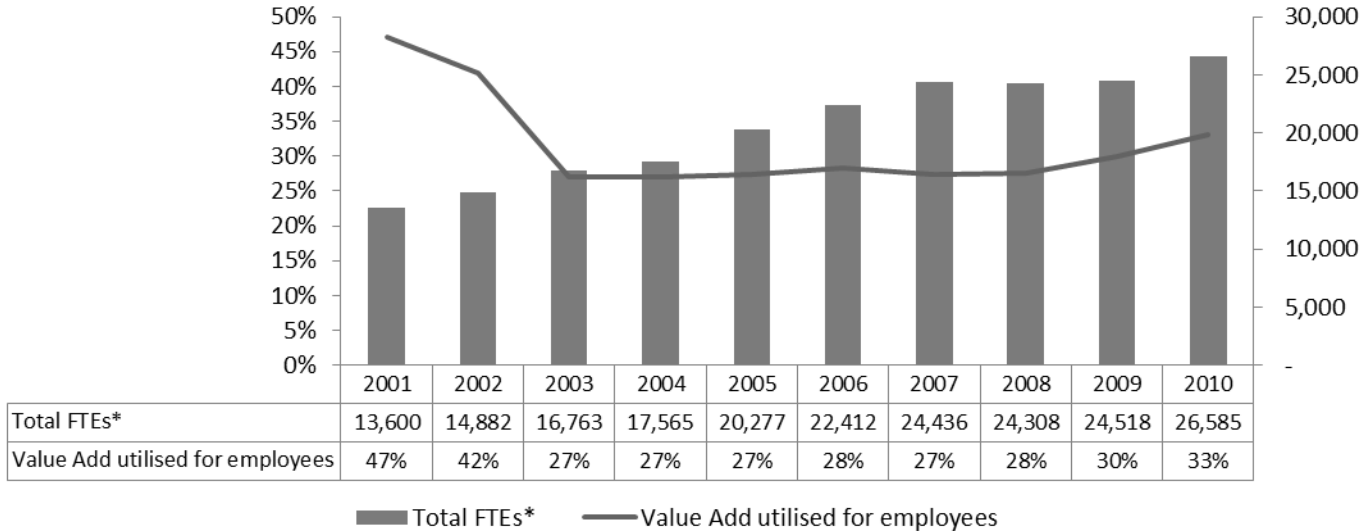
Chief Financial Officer salary increase 2008 – 2009: 10 percent (R204, 000)

## POTENTIAL EXECUTIVE PAYOUTS ON THE BUY-OUT BY WALMART

Grant Pattison is set to secure a pretax profit of around R207m on his shares or options if Walmart's R29.8bn bid for the company goes through. Guy Hayward, the group's CFO, could make a pre-tax profit of just over R100m on the transaction. Pattison is currently holding almost 2m shares and share options, including 400 000 shares in the Pattison Family Trust. In addition to the windfall profits set to be earned by the executive directors, each of the five black non-executive directors is in line to pick up a profit of R3m. Each of these directors was awarded 20 000 Massmart shares at a price of 1c/share. (Ann Crotty, *Business Report*, 28 September 2010)

## EMPLOYMENT FIGURES AND VALUE ADDED EMPLOYED COMPARED

The value added statement of a company shows the total wealth created, how it was distributed to meet certain obligations and reward those responsible for its creation, and the portion retained for the continued operation and expansion of the company. The proportion of the wealth created applied to employee wages and salaries dropped dramatically in 2003 and has not recovered.



\*Full-time equivalents: includes all permanent employees and the permanent equivalent of temporary employees and contracted workers (Massmart Annual Report 2010, 47)

## MINIMUM WAGES AT MASSMART STORES

In 2009, a general worker a Massmart earned R2, 700 per month, R32, 400 per annum. In order to earn what the CEO took home in the same year, R 14, 152, 000, the general worker would have to work for 437 years.

## CURRENT DISPUTES WITH WORKERS (SACCAWU PRESS RELEASE, JUNE 2010)

- Retrenchment of 1500 workers, 700 permanent and 800 flexi-time employees
- The imposition of ultra-flexi time contracts
- 40 hour rolling week with Sundays as normal time
- Compressed working week without overtime
- Sunday and Public holidays compulsory work
- All those not faced with retrenchment to reapply for their positions under new terms of employment
- All re-applications to be considered after interviews to include psychometric testing, failing workers will be demoted
- All those that will remain in employment will be given new job titles, job descriptions and for many new salary rates
- The introduction of new Green Light technology that requires tertiary vocational training and the refusal by the company to offer any training to staff except for management.

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