

Steinhoff International Holdings N.V.

(Incorporated in the Netherlands)

(Registration number: 63570173)

Share Code: SNH

ISIN: NL0011375019

Steinhoff Investment Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1954/001893/06)

JSE Code: SHFF

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COVID-19 UPDATE

Steinhoff International Holdings N.V. ("**Steinhoff**" or the "**Company**" and with its subsidiaries, the "**Group**").

Steinhoff continues to monitor ongoing developments related to the global Coronavirus (COVID-19) outbreak and provides the following update.

Colleagues & Customers

The safety of our colleagues and customers is our top priority and we are fully supporting the global and regional initiatives to bring the pandemic under control.

We have implemented a programme of measures to protect the health and safety of our employees, including restricting travel and face-to-face meetings, asking colleagues to work from home where possible, and adopting all specific public health protocols. Business continuity plans are in place to ensure customer service levels are maintained in store and in central support facilities.

As the Coronavirus outbreak has progressed, the most significant impacts on the Group have switched from those with a supply chain focus to those with a demand-side impact.

Supply-side impacts

At the beginning of the outbreak in February, attention was focused on efforts to mitigate disruption in the supply chain. Many of the businesses in the Group source products from various countries in Asia and some factory supply was negatively impacted by the outbreak and spread of the Coronavirus. The Group's supply chain is well-diversified and flexible, allowing it to respond rapidly to anticipated inventory shortages and other sourcing challenges. The Group benefitted from this agility and was able to address and mitigate these issues, wherever possible, through alternative sourcing and other arrangements. More recently, the affected factories have reopened and are rebuilding capacity.

Shipments of goods from Asian ports were also restricted once production was re-established but proactive management of stock in the supply chain, including swift utilisation of capacity freed up by order cancellations elsewhere, helped reduce the impact. The situation has continued to improve as port operation returns to normal. Overall, while we are still experiencing some delays in sourcing product, these are now reducing and we continue to offset the impact through mitigation strategies.

Demand-side impacts

Over more recent weeks many of the countries in which we do business have implemented broad-based steps to contain the spread of the virus, resulting in significant restrictions on movement and public gatherings, and the closure of commercial facilities. These measures have resulted in the partial or full closure of a number of our general merchandise stores, or restrictions on trading hours, in a number of European markets including France, Spain, Poland and the Czech Republic.

As a result turnover has reduced, particularly in general merchandise, and this will continue for the duration of these restrictions. The performance of our FMCG focused businesses has been more resilient, partially offsetting this impact.

Conclusion

The extent and duration of the current restrictions on trade remain uncertain and it is too early to determine the exact impact of the pandemic on the performance of the Group for the 2020 financial year. It is clear, however, that the virus outbreak and resulting restrictions will have a negative impact on overall turnover and the underlying business performance during this period.

Operating companies are implementing plans to strengthen their cashflows through both proactive management of their forward purchase order commitments and, where appropriate, by the use of flexible working contracts. The inherent strength and flexibility of the Group's sourcing arrangements is also providing important additional support.

Management are continuing to take an active approach, implementing a range of mitigating strategies to protect profitability and cashflow. Immediate and significant actions are being implemented to reduce costs and optimise liquidity. These include reducing operating expenditures, reducing stock of goods impacted by the trading restrictions, actions to optimise working capital, stopping all but essential capital expenditure, and making use of tax payment and other government relief measures where available.

While the Group is confident that the actions it is taking to address the impacts of the Coronavirus are appropriate and timely, the situation remains fast moving and uncertain and these are being kept under constant review. Further updates will be given as appropriate.

JSE Sponsor: PSG Capital

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