

**PEPKOR HOLDINGS LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number: 2017/221869/06)

Share Code: PPH

Debt Code: PPHI

ISIN: ZAE000259479

("Pepkor", "Company" or the "Group")



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**UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2020**

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Pepkor's defensive discount and value positioning underpinned resilient performance.

**1. STATUTORY HIGHLIGHTS FROM CONTINUING OPERATIONS – INCLUDING THE ADOPTION OF IFRS 16**

- Revenue increased by 6.5% to R37.6 billion.
- Operating profit before capital items increased by 17.2% to R4.0 billion.
- Headline earnings per share decreased by 13.6% to 44.3 cents per share.
- Basic earnings per share decreased by 17.7% to 42.1 cents per share.
- The Group adopted IFRS 16: *Leases* during the current reporting period, using a modified retrospective approach with no restatement of prior period reported results. This had a material impact on the Group's statutory results for the current period. To form a meaningful assessment of Group performance, shareholders are referred to Pepkor's full results announcement, available on the Pepkor website at [www.pepkor.co.za](http://www.pepkor.co.za).

**2. HIGHLIGHTS FROM CONTINUING OPERATIONS – EXCLUDING THE ADOPTION OF IFRS 16**

- Revenue increased by 6.5% to R37.6 billion.
- Operating profit before capital items increased by 0.3% to R3.4 billion.
- Headline earnings per share decreased by 3.8% to 49.3 cents per share.
- 145 new stores opened, increasing stores to 5 498 stores.

**3. OVERVIEW**

The Pepkor Group achieved commendable results for the six months ended 31 March 2020 as its proven defensive discount and value market positioning, disciplined focus on customer needs and leading low cost of doing business underpinned performance.

The retail environment was constrained with low consumer spending, high levels of unemployment, load shedding and low economic growth. This was exacerbated during March with the spread of the Coronavirus (COVID-19) across South Africa and the

globe – resulting in the declaration of a national state of disaster and the implementation of a national lockdown effective from 27 March 2020 until 30 April 2020.

#### **4. OUTLOOK**

The duration and evolution of the COVID-19 pandemic and the related impact on the Group's trading in the near to medium term remains uncertain. It is expected that COVID-19 and the lockdown measures will severely impact the South African economy, the retail sector as a whole, and the Pepkor Group as consumers face increased unemployment and hardship.

Pepkor is confident that it is well positioned to gain market share in the post-COVID-19 'new economy' with its defensive discount and value positioning being more resilient through its focus on babies' and children's clothing and large contribution of basic and replenishment products.

A live webcast of the results presentation will be broadcast at 11:00 am (SAST) on 27 May 2020. A registration link for the webcast is available on the Company's website: [www.pepkor.co.za](http://www.pepkor.co.za). The presentation will be made available on the Company's website prior to the commencement of the webcast.

#### **5. DIVIDEND DECLARATION**

No interim dividend is declared as in prior interim periods. Based on heightened levels of prudence applied by the board and the focus on liquidity preservation and allocation of resources, it is not expected that a full year dividend will be declared for FY20.

#### **6. SHORT-FORM ANNOUNCEMENT**

This short-form announcement is the responsibility of the directors of the Company. It contains only a summary of the information in the full announcement and does not contain full or complete details. The full announcement can be found at: <https://senspdf.jse.co.za/documents/2020/jse/isse/pphe/H1FY20.pdf>

Copies of the full announcement are also available for viewing on the company's website at <https://www.pepkor.co.za/wp-content/uploads/2020/05/Pepkor-unaudited-interim-results-for-the-six-months-ended-31-March-2020.pdf>, or may be requested in person at the company's registered office or the office of the equity sponsor, at no charge, during office hours.

Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement, as a whole.

27 May 2020

Equity Sponsor  
PSG Capital

Debt Sponsor & Corporate Broker  
Rand Merchant Bank  
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