

Massmart Holdings Limited  
(Incorporated in the Republic of South Africa)  
Company registration No. 1940/014066/06  
JSE Code: MSM  
ISIN: ZAE 000152617  
("Massmart" or the "Company" or the "Group")

## **COVID 19 IMPACT, SALES UPDATE AND TRADING STATEMENT**

Shareholders are referred to the SENS announcement issued on 18 May 2020, which provided an update of the impact of the Covid-19 national lockdown on the Massmart Group.

As previously reported, Massmart was unable to trade in the majority of general merchandise categories, home improvement and liquor products for most of the month of April, which had a significant impact on total sales during that month. Moving to level 4 lockdown from the beginning of May enabled Massmart to gradually start trading in more product categories. Most notably, our Builders stores throughout the country were able to recommence sales to the general public. However, restrictions on the sale of liquor and tobacco products remained in place throughout the month of May. Missed liquor sales for the months of April and May are estimated to be approximately R2.3 billion based on prior year sales. In line with level 3 lockdown regulations in place from 1 June 2020, Massmart is now able to trade in all product categories with the exception of tobacco and related products. Trading hours relating to liquor are however still restricted, with no liquor sales allowed from Friday to Sunday and on public holidays.

### **SALES UPDATE FOR 23 WEEK PERIOD ENDED 7 JUNE 2020**

As previously reported, for the 19-week period ended 10 May 2020, total sales decreased by 11.9% over the prior year, with comparable store sales decreasing by 12.1% over the same period. With the easing of the lockdown from level 5 to level 4, pent-up demand for home improvement products drove strong sales at our Builders stores during May, while pent-up demand for general merchandise goods supported better sales performance at Makro and Game as the month progressed. Consequently, total sales for the 23 weeks ended 7 June 2020 amounted to R34.8 billion, which is 10.3% lower than the prior year, while comparable store sales were 10.5% lower than last year. Sales from our South African stores amounted to R31.3 billion, 11.5% lower than last year, with comparable store sales decreasing by 11.5%. Total sales from our ex-South Africa stores amounted to R3.5 billion, or 1.2% higher than the prior year, with comparable store sales decreasing by 0.3%.

### **ESTIMATED IMPACT OF THE COVID-19 LOCKDOWN REGULATIONS**

The Covid-19 national lockdown has had a significant impact on the trading performance of Massmart as a Group. For the 9 week period from 30 March 2020 to 31 May 2020, total sales were R4.6 billion lower than the same period during the prior year. Operating costs attributable to the execution of safety protocols in our stores in line with regulated requirements amounted to approximately R50 million.

In spite of the lockdown, the Group has not slowed down the implementation of the turnaround plan announced at our Investor Strategy Day at the end of January. If anything, it has accelerated some of the initiatives – most particularly the cost-reset project, Group restructure into a Wholesale and Retail business units and the Game turnaround plan. We will provide a comprehensive update on the progress of the turnaround plan during the interim results presentation in August.

### **LIQUIDITY AND CASH FLOW MANAGEMENT**

The extended Covid-19 trading restrictions intensified the daily focus on liquidity and cash flow management for the Group.

Massmart has continued to meet all payment obligations to suppliers and employees as we successfully navigate through the various levels of lockdown. Our focus remains on prudent cash flow management and the implementation of strategies to improve cash generation performance through previously

reported key initiatives, including negotiated rental savings, mutually beneficial commercial terms with our vendors, applying for available Tax Incentive relief measures and aggressively pursuing the cost reduction initiatives already outlined in our turnaround plan. Massmart's balance sheet remains strong and based on our various cash flow forecast scenarios, the Massmart Group has sufficient cash facilities and resources to meet its obligations. In addition to the facility support provided by local financial institutions, the Group secured a R4 billion inter-company loan from Walmart Inc. to provide additional headroom in the event of unforeseen circumstances as we navigate through the lockdown period and beyond.

#### **TRADING STATEMENT FOR THE 26 WEEK PERIOD ENDED 28 JUNE 2020**

As referred to above, the Covid-19 lockdown has had a significant impact on trading performance. While sales and margins have been lower than the same period last year, increased focus on expense management and cost savings initiatives are bearing fruit, with expense growth expected to be contained to well below inflation.

Consequently, shareholders are advised that Massmart expects, as a result of the impact of the Covid-19 lockdown, with reasonable certainty, that the loss per share and headline loss per share, will be at least 50% or 191.1 cents per share and 182.4 cents per share respectively worse than the loss per share and headline loss per share for the same period last year of 382.2 cents per share, and 364.7 cents per share respectively.

Excluding the impact of the Covid-19 lockdown, we expect the loss and headline loss would have been slightly better than the same period last year.

Massmart's financial results for the 26 weeks to June 2020 will be released on the Stock Exchange News Service of the JSE Limited on 27 August 2020.

The information above has not been audited or reviewed or otherwise reported on by the Company's external auditors.

17 June 2020

Johannesburg

Sponsor  
JP Morgan Equities South Africa (Pty) Ltd