

Truworths International Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1944/017491/06)
JSE Code: TRU
NSX Code: TRW
ISIN: ZAE000028296

BUSINESS UPDATE FOR THE 52-WEEK PERIOD ENDED 28 JUNE 2020

Investors are referred to the business update and trading statement ('previous announcement') published on SENS by Truworths International Limited (the 'Company') on 25 May 2020 regarding the negative impact the COVID-19 pandemic was expected to have on the results of the Company and its subsidiaries (collectively the 'Group') for the 52-week period to 28 June 2020 (the 'current period').

Retail sales of the Group for the current period decreased by 9.4% to R16.9 billion relative to the R18.6 billion reported for the 52-week period ended 30 June 2019 (the 'prior period').

Account sales comprised 51% (2019: 51%) of Group retail sales for the current period, with account and cash sales decreasing by 8.4% and 10.5%, respectively, relative to the prior period.

Truworths Africa

Retail sales for the Truworths Africa segment (being the Group, excluding the UK-based Office segment and comprising mainly of the Truworths businesses in South Africa) decreased by 8.7% to R12.3 billion relative to the prior period's R13.5 billion, with account and cash sales decreasing by 8.4% and 9.5%, respectively. Account sales comprised 70% of retail sales (2019: 70%). Truworths Africa's like-for-like store retail sales decreased by 10.3% and trading space increased by 0.5% relative to the prior period. Product deflation averaged 1.2% for the current period (2019: 0.2%).

Truworths Africa's retail sales for the second half of the current period decreased by 23.5% to R4.5 billion relative to the R5.9 billion in the second half of the prior period. Furthermore, retail sales for the portion of the second half of the current period, prior to the nationwide lockdown in South Africa (i.e. 30 December 2019 to 26 March 2020), were R2.5 billion, an increase of 3.5% over the comparable prior period. Truworths in South Africa was prohibited from trading for five weeks under lockdown level 5. Retail sales for the current period since the lockdown was lowered to level 4 and subsequently level 3 (i.e. 1 May 2020 to 28 June 2020) were R2.0 billion, a decrease of 8.3% relative to the comparable prior period.

The economic crisis caused by the severe negative impact of the ongoing COVID-19 pandemic has resulted in diminished revenue, reduced collections and an increase in the doubtful debt provision in respect of the Truworths Africa debtors book. Gross trade receivables (relating to the Truworths, Identity and YDE businesses) were at R5.5 billion (2019: R5.9 billion) and the number of active accounts decreased by 2.3% to 2.6 million at the current period end. Active account holders able to purchase and overdue balances as a percentage of gross trade receivables were at 77% (2019: 83%) and 20% (2019: 13%), respectively.

Office

Retail sales for the Group's UK-based Office segment decreased in Sterling terms by 17.4% to £230 million relative to the prior period's £279 million. In Rand terms, retail sales for Office decreased by 11.3% to R4.5 billion.

Office's retail sales for the second half of the current period decreased by 35.5% to £79 million relative to the £122 million in the second half of the prior period. Furthermore, retail sales for the second half of the current period, prior to the lockdown in the UK (i.e. 30 December 2019 to 23 March 2020), were £40 million, a decrease of 16.5% compared to the comparable prior period. During the UK lockdown period from 24 March 2020 to 14 June 2020 (during which all Office stores across the UK were closed), retail sales were £33 million, representing a decrease of 47.4% compared to the comparable prior period. For the period 15 June 2020 to 28 June 2020, when retail stores in the UK were allowed to reopen but only certain Office stores were opened, retail sales were £6 million, a decrease of 49.7% relative to the comparable prior period. By the end of the current period, Office had reopened 52 of its standalone stores and 16 concession stores across the UK, Ireland and Germany, thereby trading from 68 of its total portfolio of 129 stores. Additional UK stores are planned to be reopened in due course based on the post lockdown sales performance of the stores currently trading.

The Office segment continued to show good online performance and benefited from its strong online presence, particularly during the UK lockdown period. For the current period, online retail sales grew by 8.8% relative to the prior period and comprised approximately 44% of retail sales. For the current period, prior to the UK lockdown which commenced on 24 March 2020, Office online sales comprised approximately 35% of retail sales. Trading space for the Office segment decreased by 4.8% relative to the prior period.

Update on restructuring of Office

The Truworths International board has considered various options for the Office business as advised in the previous announcement. The Group is in the process of negotiating further funding for the Office business as well as implementing various restructuring initiatives, including a staff redundancy process and store lease negotiations, in order to secure the long-term viability of Office.

As stated in the previous announcement, the COVID-19 pandemic will weigh negatively on the Group's results for the current period, and will result in an impairment of the Group's carrying value of the Office trademarks and right-of-use assets relating to store leases. The Group's results for the current period are in the process of being finalised. The board will provide the anticipated range of the decrease in headline earnings per share and earnings per share for the current period when it has reasonable certainty in this regard, in a further trading statement.

Investors are advised that this business update does not constitute an earnings forecast, that the financial information provided herein is the responsibility of the directors, and that such information has neither been reviewed nor reported on by the Group's external auditors. The Group's audited results for the 52-week period ended 28 June 2020 are scheduled for release on or about Thursday, 20 August 2020.

15 July 2020
Cape Town

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