

Pepkor Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2017/221869/06)

Share Code: PPH

Debt Code: PPHI

ISIN: ZAE000259479

(“**Pepkor**”, the “**Company**” or the “**Group**”)



TRADING STATEMENT FOR THE YEAR ENDING 30 SEPTEMBER 2020 AND LIQUIDITY UPDATE

Trading statement

In terms of the JSE Limited (“JSE”) Listings Requirements (the “Requirements”), a listed company is required to publish a trading statement as soon as it becomes aware that a reasonable degree of certainty exists that the financial results for the financial period to be reported on next will differ by at least 20% from the financial results for the previous corresponding period.

As reported in the Group’s interim results published on the JSE Stock Exchange News Service (“SENS”) on 27 May 2020, the COVID-19 pandemic is expected to have a negative impact on the Group’s performance and results for the year ending 30 September 2020. The unprecedented circumstances and volatile trading environment continue to impact the Group’s forecasting ability.

Pepkor hereby advises shareholders and noteholders that a reasonable degree of certainty exists that its earnings per share (“EPS”) and headline earnings per share (“HEPS”) for the year ending 30 September 2020 will decrease by at least 20%.

- EPS is expected to decrease by at least 12.5 cents per share (20%) when compared to the EPS of 62.6 cents reported for the year ended 30 September 2019 (the “Previous Period”); and
- HEPS is expected to decrease by at least 19.4 cents per share (20%) when compared to the HEPS of 96.8 cents reported for the Previous Period.

The decrease in EPS and HEPS can be attributed to the following factors:

1. The Group implemented IFRS 16: Leases (IFRS 16) on 1 October 2019 using a modified retrospective approach with no restatement of prior period reported results; and

2. The impact of the COVID-19 pandemic has impacted the performance in many areas of the Group, most notably through lost sales and increased provision levels on credit books. This has contributed to the likely impairment of carrying values of goodwill and intangible assets.

Further guidance as to the range by which the EPS and HEPS are likely to decrease will be provided once the required degree of certainty in terms of the Requirements has been established.

The financial information on which this trading statement is based, has not been reviewed or reported on by the Company's external auditors.

Liquidity update

As stated in the Trading Update published on SENS on 24 July 2020, the Group's liquidity benefited from strong trading since the relaxation of lockdown measures, pro-active expense management, conservative credit granting, better-than-expected credit book collections and the successful completion of an accelerated bookbuild which raised R1.9 billion.

This allowed early settlement of the R1.5 billion bridge term loan facility which was due for repayment in August 2020 and early settlement of R4.0 billion of the total R6.0 billion preference share funding due to mature in May 2022. The Group has made significant progress in its ambition to degear the balance sheet and there is therefore no risk of debt covenants being breached at 30 September 2020.

The process to refinance R5.0 billion in debt due for repayment in May 2021 was successfully concluded and implemented on 30 September 2020, and the debt is now repayable in September 2023. In addition, the R1.0 billion bridge revolving credit facility originally due to expire in November 2021, has been extended to September 2023.

As part of the same process, debt covenants were amended to create sufficient headroom and enhanced flexibility going forward.

Parow

15 October 2020

Equity Sponsor

PSG Capital



Debt Sponsor

Rand Merchant Bank (A division of Firststrand Bank Limited)

