

Pick n Pay Stores Limited
(Incorporated in the Republic of South Africa)
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VOLUNTARY ANNOUNCEMENT: IMPACT OF CIVIL UNREST ON THE PICK N PAY GROUP

Alongside all South Africans, the Pick n Pay Group was saddened by the civil unrest and destruction last week in KwaZulu-Natal (KZN) and parts of Gauteng.

The safety and well-being of our staff and customers is always our first priority. At the peak of the unrest, a significant number of Pick n Pay and Boxer stores in the affected areas were closed as a precaution. As a result of this swift action, casualties were kept to a minimum, and the small number of colleagues who were injured are now thankfully well on the road to recovery.

As the situation began to improve from Wednesday 14 July, the Group was able to re-open stores in KZN and Gauteng that were closed as a precaution, and a large majority of all stores are now fully open and trading. We express our sincere thanks to our colleagues, the many communities up and down the country, and law enforcement authorities, who have worked with such determination to bring an end to the violence, uphold the rule of law, and begin the task of rebuilding.

The civil unrest had a significant impact on the Group's operations in the affected areas – particularly in KZN – as a result of physical damage to property, looting of stock, and an interruption to trade.

136 stores across the Group were looted and/or damaged by fire: 68 Pick n Pay stores and 68 Boxer stores. Out of this total, 28 were Pick n Pay company-owned supermarkets, 15 were Pick n Pay franchise stores, and 64 were Boxer supermarkets. The remaining 29 stores comprised Pick n Pay Clothing stores (2), Express Convenience stores (14), independent Market stores (9), and Boxer Build stores (4). In addition, 76 liquor stores across Pick n Pay and Boxer were looted and/or burned, but were not in any event trading due to the government's Covid-19 restrictions.

The Group moved rapidly to implement its formal disaster recovery plans to restore affected operations in KwaZulu-Natal and Gauteng, and to replenish stock levels in the affected regions. Pick n Pay and Boxer teams have worked tirelessly together in recent days to achieve the following:

- of the 136 stores which were looted and/or burned, 32 have already been cleaned, repaired and have either been reopened or will reopen by the end of this week. A number of looted liquor stores are also ready to be reopened when Covid-19 regulations permit
- by the end of this week, we expect the proportion of the store network still closed to have reduced to 7%
- two Pick n Pay distribution centres in Pinetown, KZN were looted and damaged. Through tremendous teamwork, by the end of this week, both of these DCs will have been repaired and restocked, and will recommence operations
- in the meantime, Pick n Pay and Boxer stores in KZN have been serviced from the Group's Boxer distribution centre in Lynnfield, KZN – an example of exceptional teamwork between our Boxer and Pick n Pay teams

- the process of restocking stores across the region has been greatly assisted by our national, centralised distribution capability. Well over 200 trucks have so far been routed into KZN from as far afield as the Western Cape and our Longmeadow DC in Gauteng to bring vital stocks to our stores in the affected areas
- the Group is using its Feed the Nation programme to provide emergency relief to communities in the affected areas who are suffering from the damage to essential infrastructure, and are finding it difficult to obtain essential food and groceries

Although the situation remains fragile in some areas, the Group is tremendously encouraged by the progress it has achieved in recent days, and is confident of its ability fully to restore its operations in the affected areas. The Group has managed its cash resources and liquidity carefully over the course of the Covid-19 crisis, and as such is in a strong position to direct capital to where it is needed most in rebuilding its Pick n Pay and Boxer operations in KZN and Gauteng as quickly and effectively as possible.

It is not yet possible to give a full assessment of the financial cost of the damage and disruption. The Group has South African Special Risk Insurance Association (SASRIA) cover in place in respect of both material damage and loss of profits (business interruption) associated with such events. The Group is working closely with its insurers and loss adjustors to quantify the damage and losses in order to lodge the necessary claims as soon as possible. The Group expects that its insurance will cover a substantial majority of its losses, subject to deductibles, delays and any unforeseen impacts arising from the number and extent of claims submitted by impacted businesses.

The Group will provide its stakeholders with further information once it has greater clarity on the impact of the unrest and disruption.

Group CEO, Pieter Boone, commented:

“On behalf of the Board and my team, I want to thank colleagues across Pick n Pay and Boxer – including our valued franchise partners – for your tremendous teamwork and unfailing morale during this very difficult period. You have been magnificent in supporting each other and our customers.

“We ask for understanding from our customers for any remaining disruption as we work tirelessly to deliver an uninterrupted supply of food and groceries around the country. Pick n Pay and Boxer remain absolutely determined to serve customers in all the communities where our stores are located.

We have seen good sales growth over the past week in areas unaffected by the disruption. We are working to restore a full service as rapidly as possible in the affected areas, and will not rest until every impacted store is repaired, restocked and reopened to customers.”

Chairman Gareth Ackerman commented:

“Recent events underline the importance of food security in South Africa. Businesses like the Pick n Pay Group – alongside our valued partners, suppliers and producers – play a vital role in maintaining a sustainable and continuous food supply. In achieving this, businesses depend crucially on social, political and economic stability, effective security, and fully-functioning transport and other infrastructure.

“In the wake of the Covid-19 pandemic and the recent civil unrest, all stakeholders must work together to achieve stability, security and growth. Pick n Pay has played

an integral part in the lives of South Africans for the past 54 years, and will continue to do so.”

The information contained in this announcement has not been reviewed or reported on by the Group’s external auditors.

By order of the Board
Cape Town
20 July 2021
Sponsor:
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