

Pick n Pay Stores Limited  
Incorporated in the Republic of South Africa  
Registration number: 1968/008034/06  
JSE Share Code: PIK  
ISIN code: ZAE000005443  
("Pick n Pay" or "the Group")

## **Pick n Pay - Trading and Earnings Update for the 26 weeks ended 28 August 2022**

Shareholders are advised that Pick n Pay is in the process of finalising its financial result for the 26 weeks ended 28 August 2022 (H1 FY23), which is due to be published on 18 October 2022.

### **Trading update**

The Group reported sales growth of 11.5% for the period, with like-for-like sales growth of 7.4%. The base period (H1 FY22) was severely disrupted by the July 2021 civil unrest and the loss of 55 days of liquor trading due to Covid-19 trading restrictions. Excluding these impacts, the Group estimates normalised sales growth for the period of 8.2%.

Internal selling price inflation for the period was 7.2%, reflecting a sharp uptick over July and August, compared to the 5.0% reported for the first 18 weeks of the financial period. This is further evidenced by the increase in Food CPI which rose from 8.6% in June to 11.3% in August according to Statistics SA. We reiterate our ongoing commitment to low-price investment and collaboration with suppliers to limit price increases.

Sales growth was primarily driven by a strong performance from Boxer. The year-on-year sales growth from the Pick n Pay supermarkets upgraded to the new CVPs (customer value propositions) has been particularly encouraging, but the upgraded stores do not yet constitute a substantial enough proportion of the estate to meaningfully impact the overall performance of the Pick n Pay brand.

### **Strategic update**

As guided previously, FY23 is an investment year for the Group, as the various elements of the Ekuseni strategic plan, announced in May 2022, are set in motion. Substantial progress was made in H1 on all elements of the plan, including the launch of the QualiSave banner, which has been very well received by customers. The new Pick n Pay food and grocery offer delivered by Mr D has been successfully launched in a limited number of stores and will now be rolled out rapidly across the country. The Group is also making progress in its plan to create a single, modernised head office, and to drive productivity and efficiency gains in its cost base. Overall, the Group's result in this period demonstrates strong sales growth, partly offset by some underlying margin pressure, as the Group invests in price to support under-pressure consumers, and externally-driven operating cost pressures.

### **Earnings update**

The Group expects its H1 FY23 earnings to fall within the following ranges:

	26 weeks to 28 August 2022 Expected range % growth	26 weeks to 28 August 2022 Expected range Cents per share	26 weeks to 29 August 2021 Reported Cents per share
<b>Reported earnings metrics</b>			
Earnings per share (EPS)	47% - 57%	91.10 - 97.30	61.97
Diluted EPS	47% - 57%	90.54 - 96.70	61.60
Headline earnings per share (HEPS)	55% - 65%	94.99 - 101.12	61.28
Diluted HEPS	55% - 65%	94.41 - 100.50	60.91
<b>Pro forma earnings metrics*</b>			
Headline earnings per share (HEPS)	20% - 30%	85.01 - 92.10	70.85
Diluted HEPS	20% - 30%	84.50 - 91.54	70.42

*\*Pro forma earnings exclude R145.2 million (R104.5 million net of tax) business interruption insurance proceeds received and accounted for in this period, but previously included in FY22 pro forma earnings. In-line with normal Group practice, pro forma earnings also exclude all non-cash hyperinflation gains and losses related to the Group's TM business in Zimbabwe. Pro forma HEPS will be the Group's primary measure in determining its FY23 dividend pay-out ratio.*

Given the highly disrupted earnings base, investors should focus on the monetary values of the guidance range rather than the guided growth rates. The Group notes that the H1 FY23 EPS, HEPS and pro forma HEPS ranges reported include an R83.7 million (R60.3 million or 12.54 cents/share, net of tax) expense related to restructuring costs incurred in accordance with implementation of the Group's Ekuseni strategic plan. Excluding this cost, reported and pro forma H1 FY23 earnings would be higher.

### Interim result announcement

Shareholders are advised that the Group plans to release its financial results for the 26 weeks ended 28 August 2022 on SENS just after 7:00am on Tuesday 18 October 2022. An online results presentation will follow at 9:00am on 18 October. Stakeholders are invited to register for the results webcast via the following link: <https://www.corpcam.com/pnp18102022>. The slides accompanying the result presentation will be available on the Pick n Pay Investor Relations website at [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za) shortly before the commencement of the presentation. A playback of the webcast will be made available on our website approximately 2 hours after the presentation.

### Pro forma information

The pro forma earnings information is presented in accordance with the JSE Listings Requirements, is the responsibility of the Board of directors of the Group and is presented for illustrative purposes only. The pro forma financial information may not fairly present the Group's financial position, changes in equity, results of operations or cash flows.

The financial information on which this trading and earnings update is based has not been reviewed by or reported on by the Group's external auditors.

By order of the Board  
Cape Town  
3 October 2022

Sponsor: Investec Bank Limited