

FY25 H1 RESULTS

26 weeks ended
25 August 2024



Pick n Play



Welcome and introductions

Sean Summers

Result overview

Lerena Olivier

Progress update

Sean Summers

REFLECTIONS ON THE LAST 6 MONTHS



- Refreshed management team
- Implementing turnaround plan
- Encouraging progress in our PnP Supers
- Clothing and Boxer continue to gain market share
- Concluded debt standstill and lender support for recapitalisation
- Hugely successful Rights Offer – 106% oversubscribed
- Considerably strengthened Group balance sheet
- Listing of Boxer on the JSE and A2X on track

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KEY METRICS

Turnover	GP margin	Other income	Total expenses
R56.1bn ▲ 3.7% (Lfl ▲2.9%)	17.9% ▼ 60bps	▲21.9% Underlying ▲1.9%	1.8% Lfl 2.6%
Trading profit	EBITDA*	Comparable PBT**	Comparable HEPS**
R82.5m ▲ 159%	R187.7m ▼ 38%	-R1.1bn -R0.8bn in FY24 H1	-136.60c ▼ 24%

* EBITDA excludes impact of IFRS16

**Comparable PBT and HEPS excludes all capital items and non-cash hyperinflation adjustments related to the TM business in Zimbabwe

SALES SEGMENTATION

Rbn	FY25 H1	FY24 H1	Change %	LfL %
Pick n Pay	36.3	36.4	(0.3)	0.5
Boxer	19.8	17.7	12.0	7.7
Total	56.1	54.1	3.7	2.9

Sales segmentation includes SA and Rest of Africa

- Total sales growth driven by Boxer
- PnP SA sales growth impacted by store closures & franchise
 - Company owned supermarkets LfL 3.1%, franchise issues LfL -1.4%
- Rest of Africa sales -6.9% due to Zambian Kwacha devaluation
- Group SA internal selling inflation at 4.3% (FY24: 7.3%) below CPI food of 4.7%

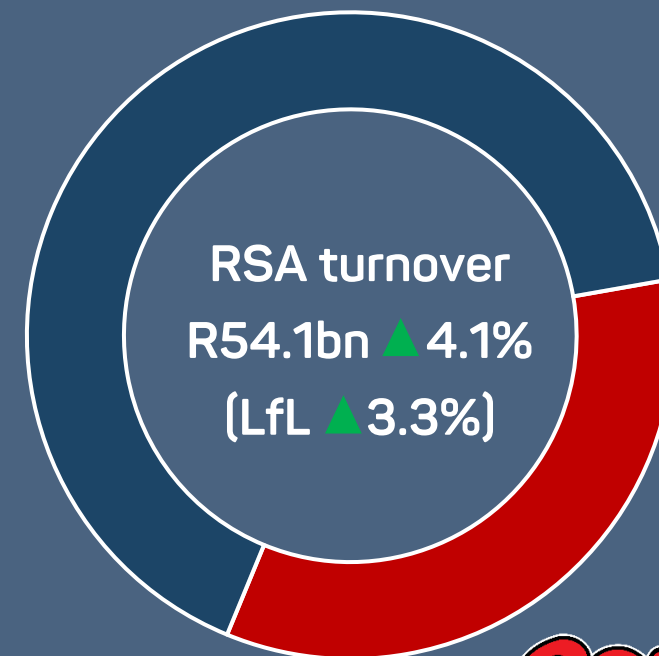
SOUTH AFRICA

Pick n Pay

Omnichannel
sales growth
60.6%

R34.7bn ▲ 0.1% (LfL ▲ 1.1%)

Sales participation: 64% (FY24 H1: 66%)



BOXER

R19.5bn ▲ 12.1% (LfL ▲ 7.8%)

Sales participation: 36% (FY24 H1: 34%)

TRADING PROFIT SEGMENTATION

Rm	H1 FY25			H1 FY24		
	Pick n Pay	Boxer	Group	Pick n Pay	Boxer	Group
Sales	36 278	19 774	56 052	36 400	17 662	54 062
Trading profit/(loss)	(719)	801	83	(659)	691	32
Trading profit/(loss) margin	(2.0%)	4.1%	0.1%	(1.8%)	3.9%	0.1%
Trading result after leases*	(1 273)	613	(660)	(1 171)	533	(638)
Trading margin after leases*	(3.5%)	3.1%	(1.2%)	(3.2%)	3.0%	(1.2%)

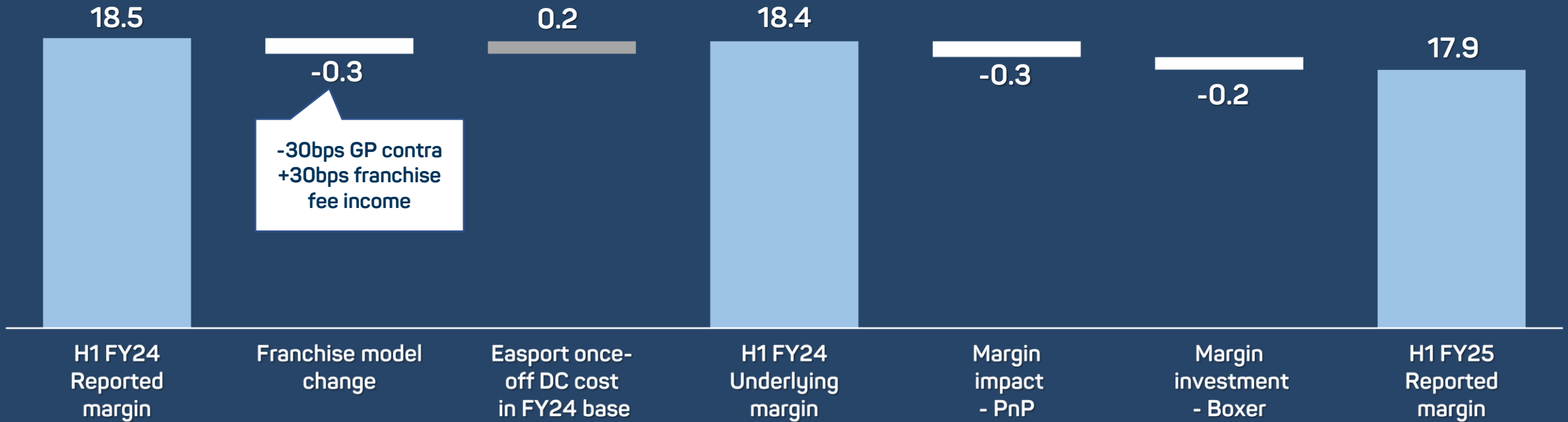
- Boxer trading profit up 16%, trading margin +0.2bps to 4.1%
- Pick n Pay trading loss of R719m (-9%), in-line with budget

*Net lease interest costs



GROSS PROFIT

Gross profit margin %



- Investment in price for both Pick n Pay and Boxer
- Pick n Pay: reduced supplier incentives received and increased promotional participation

TRADING EXPENSES

H1 FY25	Rbn	Change %	LfL change ¹ %
Trading expenses	11.4	1.8	2.6
Employee costs	4.7	0.1	4.3
Occupancy	1.7	3.1	(0.2)
Operations ²	3.0	(0.9)	(2.9)
Merchandise & admin	1.8	9.5	10.4
Expected credit loss (ECL) allowance	0.09	21.7	-

1) LfL expenses – Refer to Appendix 2 in summarised interim financial statements

2) Operations consist mainly of utilities and energy costs

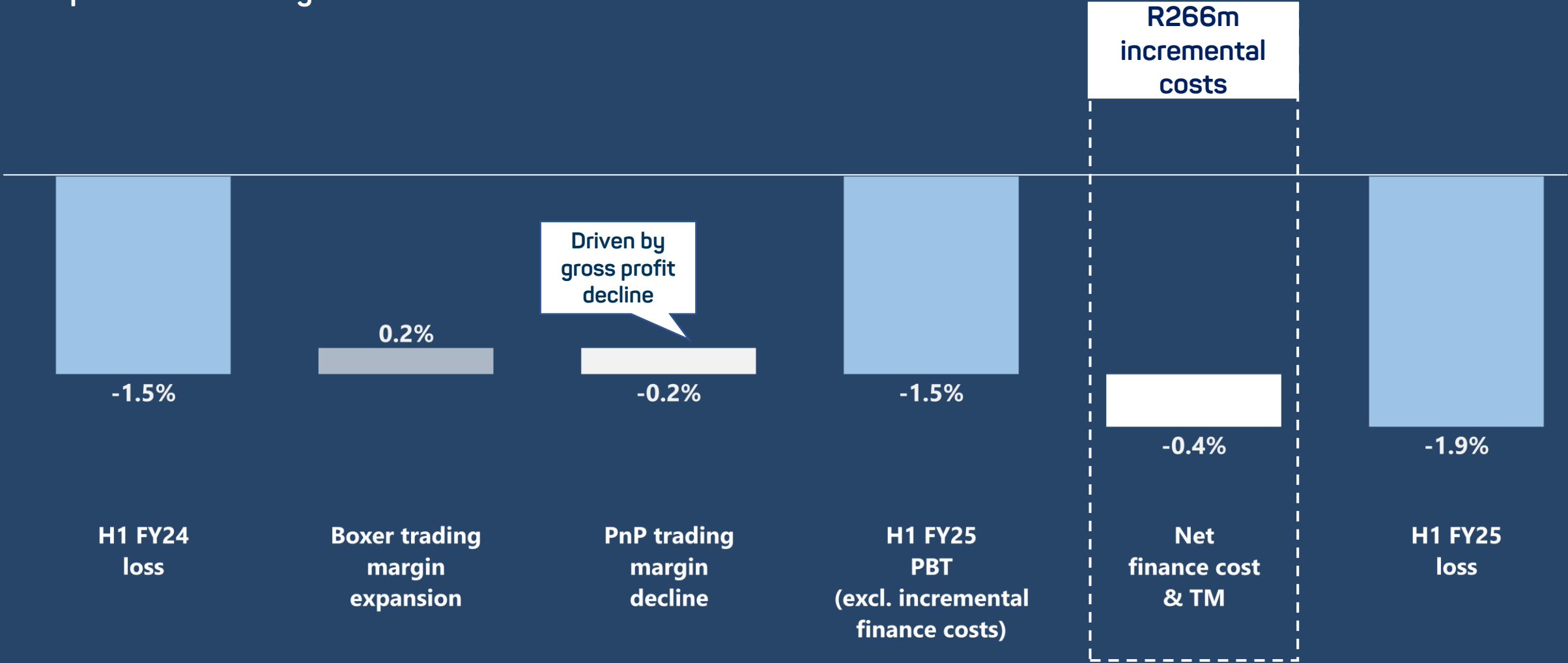
3) As per Boxer consolidated segment

4) Net incremental energy savings

- Trading expenses increased 1.8%
 - Boxer: +8.4%³, driven by new stores
 - PnP: -0.7%, with underlying strong cost control
- Comparability of trading expenses:
 - VSP and restructuring costs in H1 FY24 (R259m)
 - Depreciation reduction due to prior year store impairments (R213m)
 - Loadshedding savings partially offset by utility cost inflation (R243m⁴)
- Employee cost 6% (4.3% LfL) excluding once restructuring costs in the base
- Merchandise & admin +9.5% driven by investments in asap!
- ECL allowance % to gross trade receivables debt is 1.8% vs 13.9% at FY24

H1 FY24 to H1 FY25 PROFIT BRIDGE

Comparable PBT margin %



BALANCE SHEET ANALYSIS

Net gearing

R2.3bn

▼ R6.1bn from FY24

Net debt to EBITDA

▼ **2.7x**

vs 6.3x at FY24

Net working capital
inflow

▲ **R0.8bn**

Net CAPEX¹

R0.6bn
vs R1.4bn H1 FY24

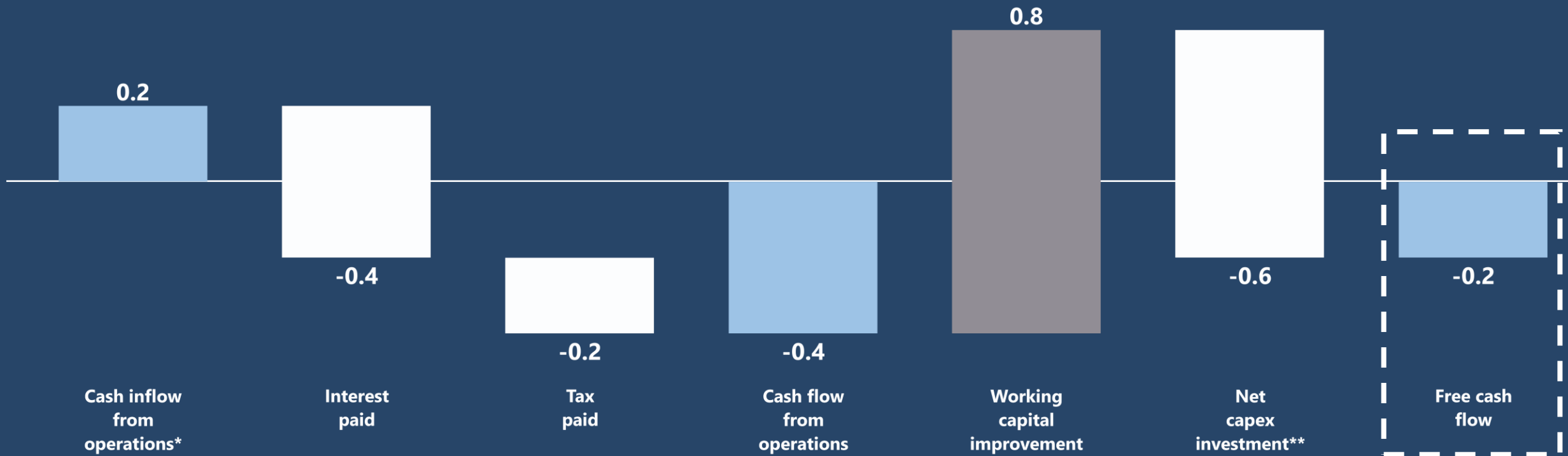
Net gearing and Net debt to EBITDA exclude the impact of IFRS16

1) Capex invested net of proceeds of properties



FREE CASH FLOW PROFILE

Cash generation and utilisation (Rbn)



*Before non-cash flow impact of IFRS16

** Capex invested net of proceeds of properties

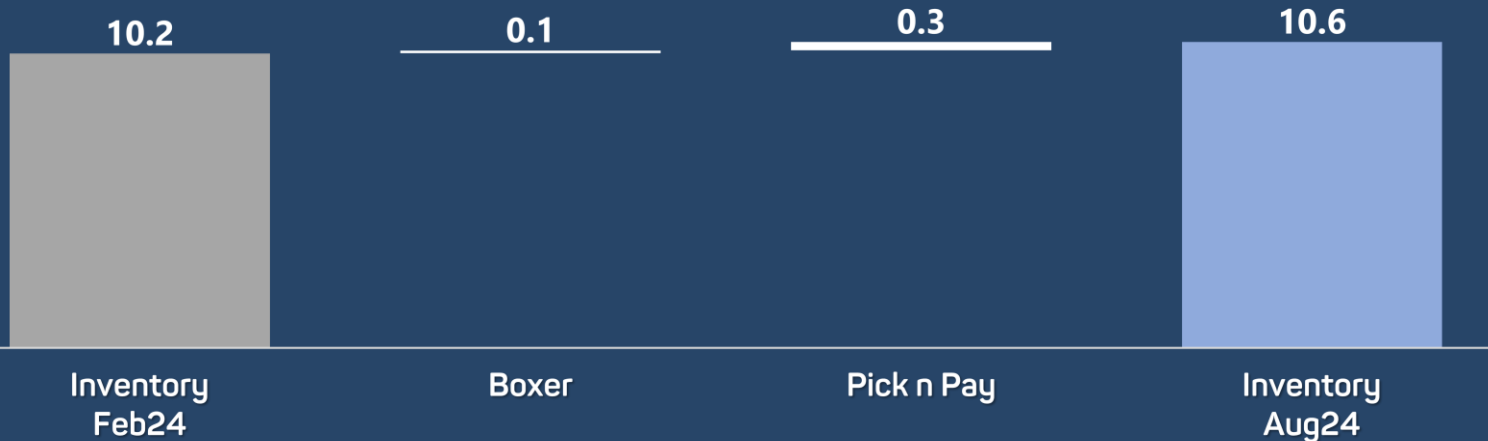
WORKING CAPITAL MANAGEMENT

Rbn	H1 FY25	FY24	Change
Working capital (WC)	(2.3)	(1.5)	0.8
Inventory	10.6	10.2	(0.4)
Trade and other receivables	4.2	4.3	0.1
Trade and other payables*	(17.1)	(16.0)	1.1

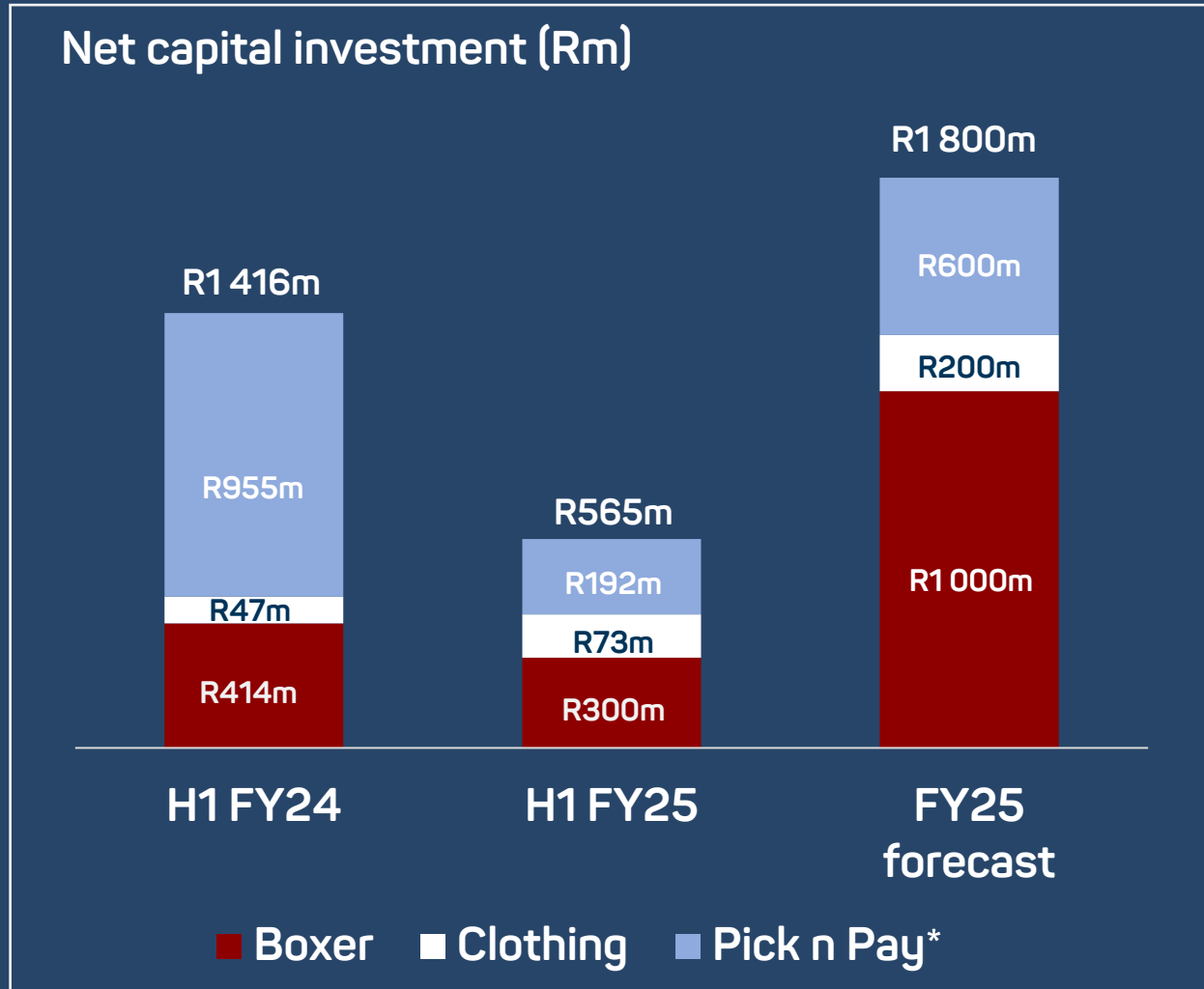
* Trade and other payables include supplier financing

- Strong WC management supported by seasonality
- PnP grocery inventory well controlled mitigating range rebuild
- Inventory increases due to Boxer and PnP Clothing roll out
- Trade payables increase due to:
 - Increase in fast moving PnP grocery stock
 - Decrease in slow-moving lines

Group inventory (Rbn)



CONTROLLED CAPEX INVESTMENT



- Capex sharply down ahead of recapitalisation
- Boxer and Clothing capex continue to support growth trajectories
- Pick n Pay capex limited to repairs and maintenance during H1
- Full year net capex guidance of R1.8bn (R2.8bn, R3.8bn gross in FY24)
 - H2 capex focused on Boxer store roll out, 53 new stores in H2 FY25, 65 full year (FY24: 49)

*Pick n Pay includes Rest of Africa and is net of properties

GEARING ADDRESSED BY CAPITAL RAISE

Key metrics	Aug 2024	Feb 2024	Aug 2023
Net gearing Rbn	2.3	6.1	3.8
Net debt to EBITDA	2.7	6.3	1.6

Net gearing and Net debt to EBITDA exclude the impact of IFRS16

- Recapitalisation plan on track
 - Successful rights offer, proceeds of R4bn
 - Significant reduction in gearing achieved
 - Boxer IPO planned towards end of the calendar year
- Expected IPO sizing
 - Base offer: c.R8bn
 - Overallotment for stabilisation: up to R0.5bn
- New unsecured, committed facilities post IPO
 - Working capital facilities and term debt for Boxer finalised
 - Working capital facilities for PnP in process

FULL YEAR GUIDANCE

- Sales growth for first 8 weeks of H2
 - PnP SA: -1.0% (LfL +1.3%)
 - Boxer: +9.6% (LfL +5.2%)
- Full year earnings to show meaningful improvement on FY24 supported by:
 - Stronger earnings in Boxer
 - Reduced trading loss in Pick n Pay
 - Reduction in H2 FY25 finance charges following successful recapitalisation
- Group will report on a 53-week basis for FY25
 - Minimal impact on expected earnings



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A DYNAMIC STRATEGIC REALITY

- We are implementing division specific strategies
- Each business division is in a distinct phase
- We are embracing this journey with determination and optimism



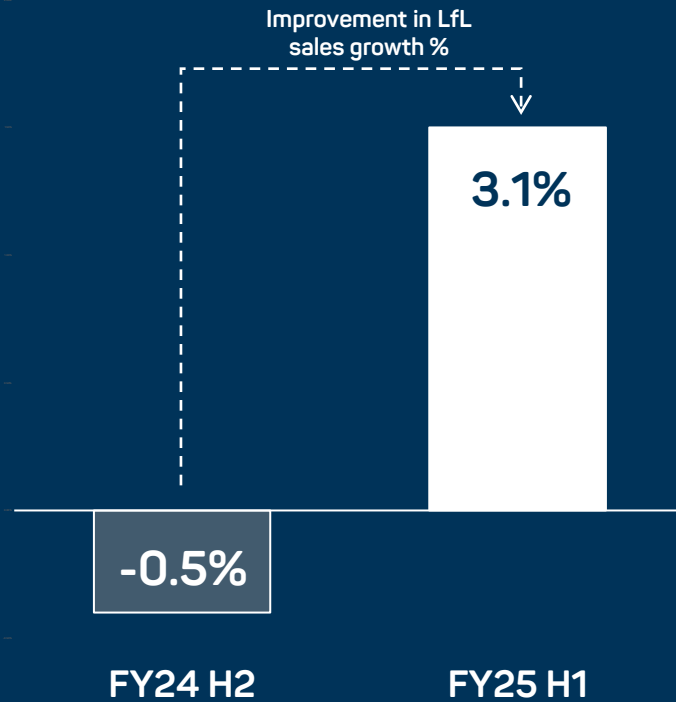
OUR CUSTOMER FOCUS - ENCOURAGING TRENDS

More customers
in our stores

+2.6%

LfL customer growth*

PnP SA Supers and Hypers
LfL sales growth %



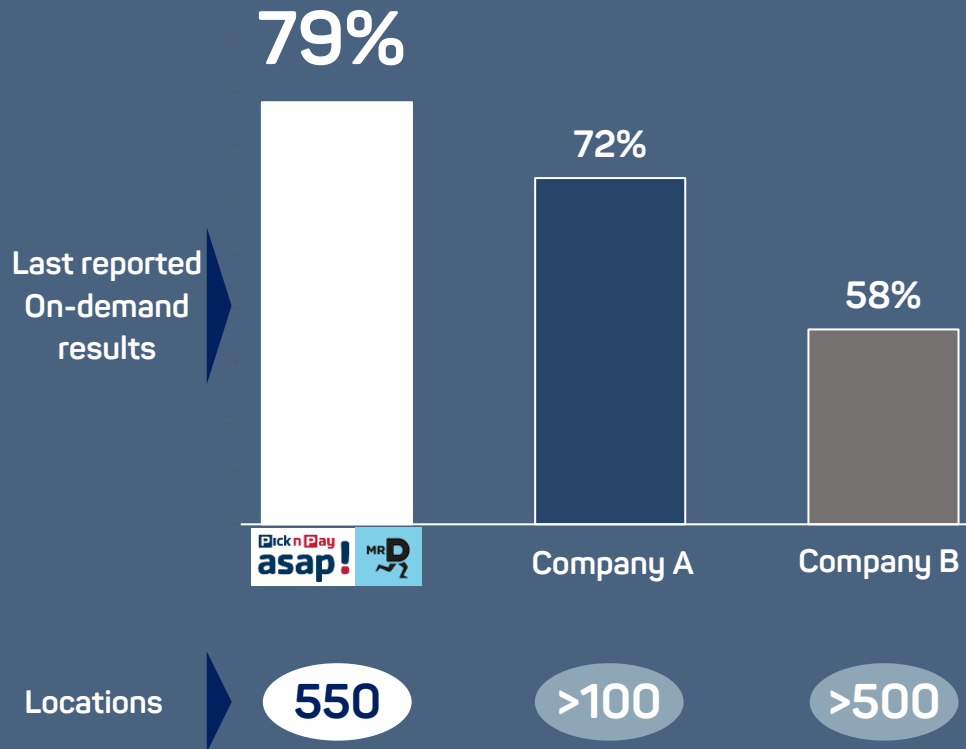
* Corporate owned



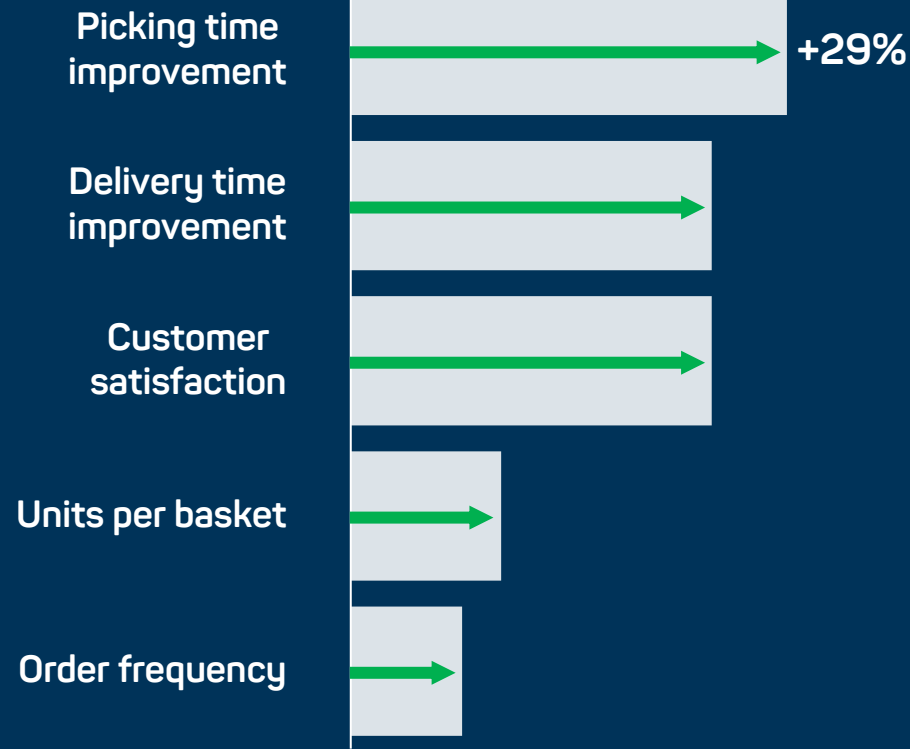
MAINTAINING OMNICHANNEL MOMENTUM



Robust sales performance

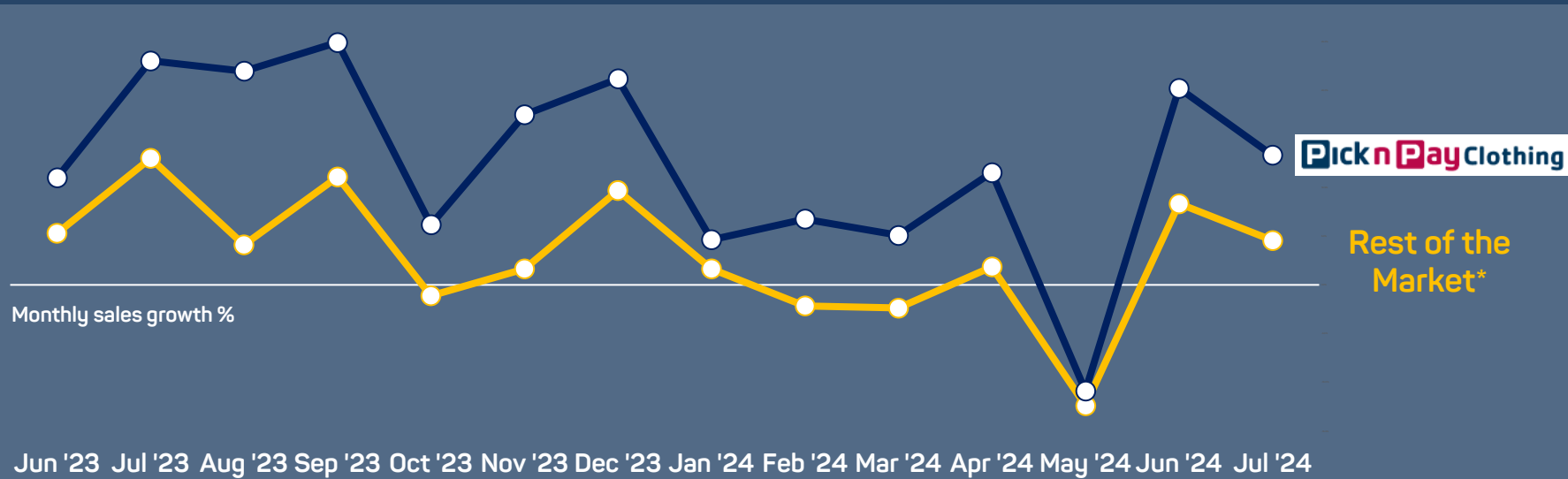


Notable operational improvements

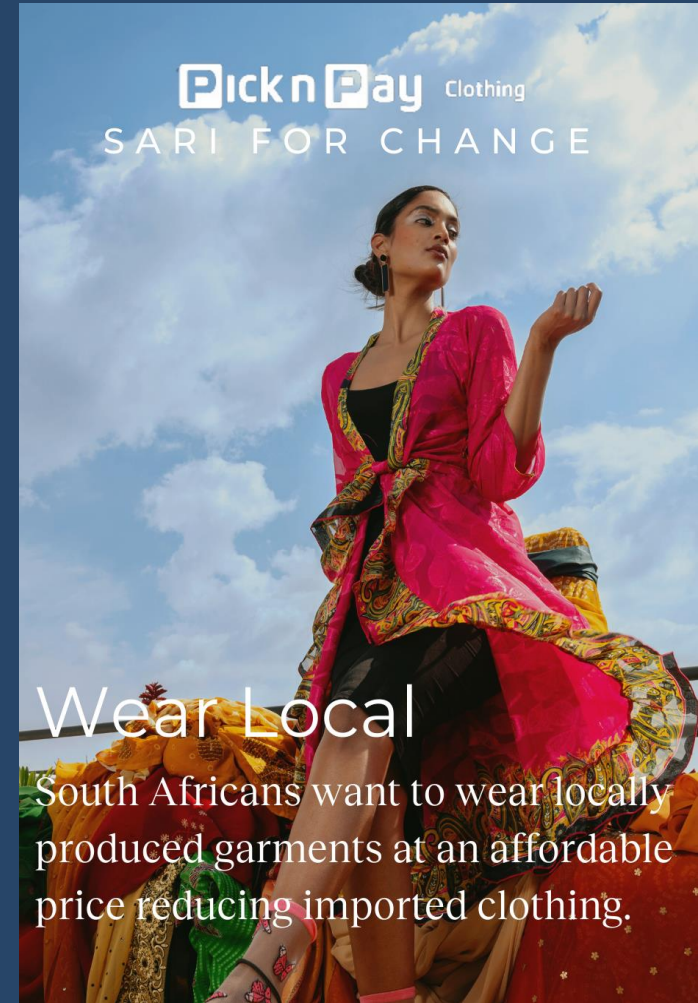


CLOTHING CONSISTENTLY GAINING SHARE

- Strong performance continues to deliver unabated market share gains, sales +10%
- Opened 10 net new stores in H1 (21 planned for H2), 168 stores with 4-star rating
- Products with sustainable intrinsics now increased to 55%
- Futurewear Local Design programme in 5th year – 3 new designers in FY25



* RLC reports



OPTIMISING OUR FUTURE FOR REST OF AFRICA

Key developments

Nigeria

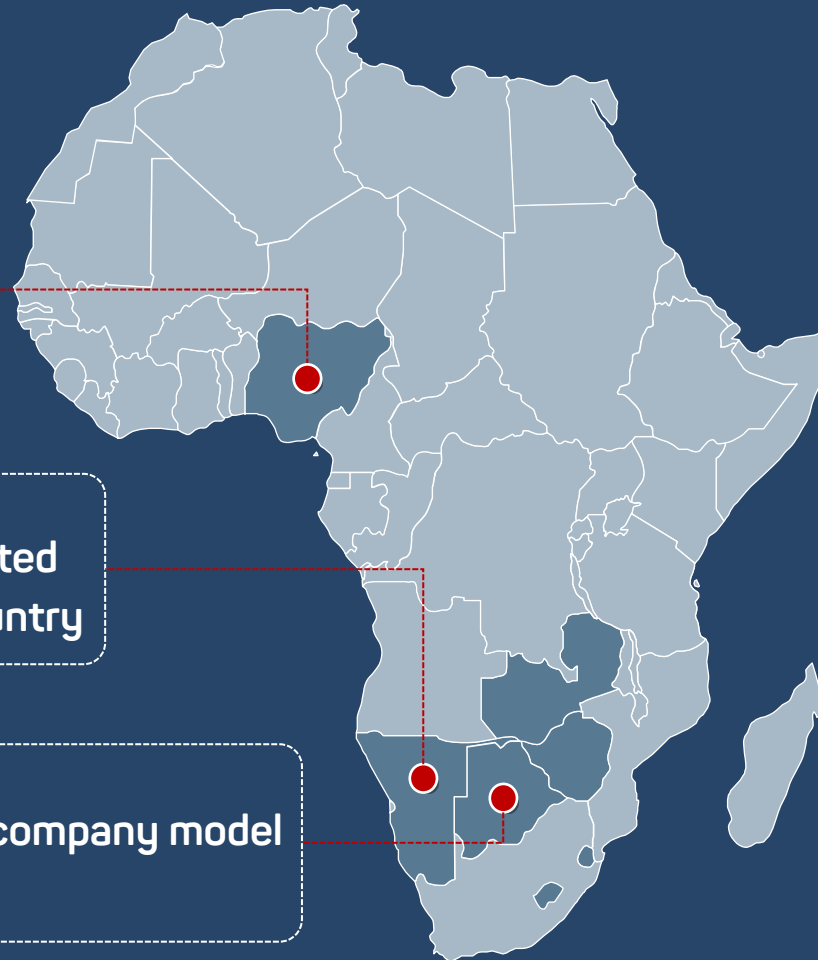
- Strategic decision to sell our 51% share of the Joint Venture

Namibia

- Current franchise agreement terminated
- Exploring opportunities for PnP in country

Botswana

- Restructure franchise business into company model
- Share sale agreement in progress



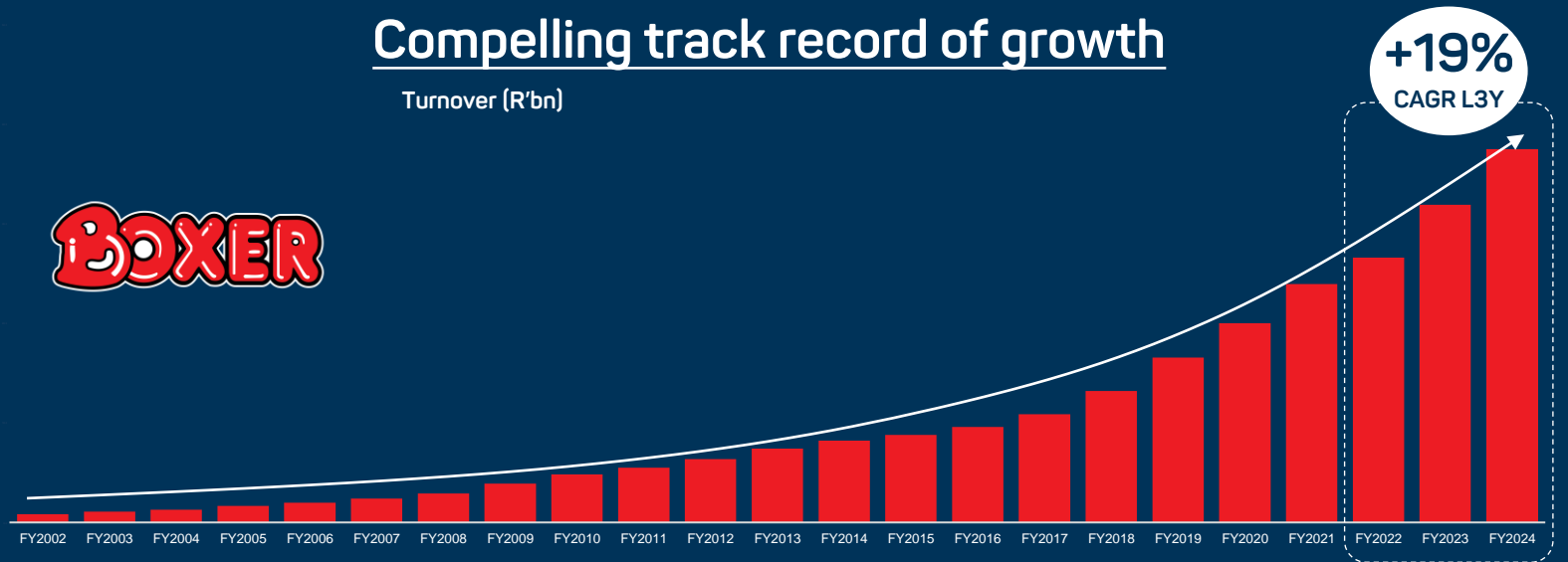
BOXER REMAINS A TRULY UNIQUE BUSINESS IN SA



- One of the fastest growing grocery retailers globally
- South Africa's pre-eminent discount retailer
- Continues to deliver market leading sales performance

Compelling track record of growth

Turnover (R'bn)



RESILIENT AND HIGHLY EFFICIENT OPERATING MODEL



IPO IS A KEY ENABLER OF OUR BOXER STRATEGY



Will elevate the Boxer brand

Improve access to larger pools of capital for growth

Instill management incentives directly aligned to performance measures

Increase profile and visibility with key partners

It will take its rightful place on the JSE alongside the major retail players in RSA

FY25 OUTLOOK

- The positive change is starting to reflect in our PnP earnings
- Targeting to halve PnP FY24 trading loss of R1.5bn
- Encouraged that our key fundamentals are improving
- Embracing this journey with determination and optimism

Our Strategic Priorities

- 1 Leadership and people
- 2 Reset the store estate
- 3 Improve offer to drive sales
- 4 Optimise operating model
- 5 Leverage strength of partnerships
- 6 Recapitalisation

We remain
steadfastly
committed to our
plan and priorities



THANK YOU

APPENDIX

OTHER TRADING INCOME

Rm	FY25 H1	% of T/O	FY24 H1	Change %
Underlying franchise fee income [^]	356		380	(6.3)
Operating lease income	53		60	(12.1)
Commissions & other income ^{**}	782		728	7.3
Underlying other income	1 191	2.1	1 168	1.9
Franchise model change [^]	234			
Reported other income	1 425	2.5	1 168	21.9

[^]Underlying franchise fees and franchise model change growth >50%

^{**}Includes income from value-added services and all other commission & incentive income not directly related to the sale of inventory

- Underlying other income growth +1.9% (reported +21.9%)
- Franchise fee income impacted by terminations
- Decline in lease income, non-core properties sold to strengthen liquidity
- Value added services income grew by 7.4%

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PNP ECL% OF GROSS TRADE RECEIVABLES

Rbn	FY25 H1	FY24 H1	FY23 H1	FY22 H1	FY21 H1
Gross trade receivable debt*	4 919	5 025	4 630	5 215	4 090
Expected credit loss (ECL) allowance**	86	71	199	45	127
ECL allowance as % of gross debt	1.8%	1.4%	4.3%	0.9%	3.1%

*Gross trade receivable debt and ECL allowances include SA & the Rest of Africa, consisting mostly of franchise trade receivables from contracts with customers

**ECL allowance refers the amount relating to trade receivables as included in the income statement

- PnP incremental ECL of R86m[^]
- ECL allowance as a % of gross debt is 1.8% compared to FY24 H1 1.4% and FY23 H1 4.3%
- ECL allowance as a % of gross debt trend back in line with historical trends

[^] Refers to trade receivables from contracts with customers only.

FY25 H1 EARNINGS

Cents per share	FY25 H1	FY24 H1	Change %
EPS	(140.83)	(100.86)	(39.6)
Capital items	(4.23)	(16.62)	
HEPS	(136.60)	(117.48)	(16.3)
Non-cash net monetary adjustment	-	7.60	
Comparable HEPS	(136.60)	(109.88)	(24.3)

- EPS, incl. capital losses decreased to -140.83cps down 39.6% on PY
- Comparable HEPS declined 24.3% to -136.60cps. This excludes all hyperinflation adjustments
- No dividend has been declared