Pepkor Holdings Limited

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Providing everyday products at affordable prices at customers' convenience

Highlights

**Operating profit before capital items and one-off costs**

*Basic earnings per share (cents)*

*Headline earnings per share (cents)*

*Net asset value per share*

**Revenue**

10.9% growth in revenue to R64.2bn

10.7% growth in operating profit to R6.4bn

1.9% growth in operating profit to R5.9bn

R5.3bn CASH GENERATED FROM OPERATIONS

3.6% GROWTH IN RETAIL SPACE

R18bn REFINANCED AND GUARANTEES RELEASED

27.8c PER SHARE MAIDEN DIVIDEND DECLARED

**Operational review**

**Clothing and general merchandise**

The clothing and general merchandise segment reported good performance despite a financially constrained South African consumer and significant selling price deflation resulting from a strengthening rand during 2017, translating into a reduction in retail selling prices. Segmental revenue increased by 1.2% to R42.5 billion, while operating profit increased by 8.1% to R6.1 billion.

Clothing, Footwear and Home (CFH) product departments, in particular Footwear, experienced significant deflation. Optimisation and development of the product mix and driving of sales volumes successfully countered the deflationary environment. This resulted in a 7.0% increase in sales units sold during the year, while the number of sales transactions increased by 6.3%.

The segment opened 335 new stores during the year, expanding the retail footprint to 4,220 stores. Retail space increased by 4.9% to 1.6 million m². PEP remained true to its DNA of Best Price Leadership (BPL), notwithstanding deflation and competitive pressure. PEP celebrated its 19th consecutive year of double-digit growth in operating profit. Ackermans continues to outperform competitors in the South African apparel industry as the strong customer value proposition aimed at 'women with kids in their lives' continues to drive performance, resulting in the ninth consecutive year of high double-digit growth in operating profit. PEP Africa experienced a good challenging year, marked by the lagging effect of low commodity prices, foreign exchange shortages, and high inflation rates that continue to weigh on consumers' spending.

**FinTech**

The FinTech business reported very strong growth and increased the number of FLASH traders to 145,000 from 121,000 a year ago. Good cost control was maintained across the business, which supported profitability.

**Furniture, appliances and electronics**

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**Outlook**

Management remains confident that the group's defensive market positioning and relentless focus on providing value to customers will continue to underpin good performance and results. While the challenging trading environment and other business confidence is expected to continue for the foreseeable future, this environment will provide opportunities for Pepkor to grow market share. Based on this, the group plans to open 300 stores, on a net basis, in the 2019 financial year, equating to approximately 4.0% retail space growth.

**Commentary**

Pepkor today is financially independent and its strategy of providing everyday products at affordable prices at customers' convenience continues to underpin performance in a challenging retail environment.

Consumers continue to face significant pressure on spending power as a result of a strained economy, and the group's defensive market positioning has effectively supported performance. The group has some of the most trusted retail brands in South Africa, which continue to be supported by millions of customers.

During the year the group opened 428 stores, increasing retail space by 3.6%, resulting in a total store footprint of 5,236 stores.

Pepkor achieved revenue growth of 10.9% to R64.2 billion during the year ended 30 September 2018. Operating profit before capital items increased by 10.7% to R6.4 billion from the prior year (FY17), excluding the impact from R511 million one-off costs.

**Revenue**

*Operating profit before capital items and one-off costs*  

*Basic earnings per share (cents)*  

*Headline earnings per share (cents)*  

*Net asset value per share*  

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**CASH GENERATED FROM OPERATIONS**

**GROWTH IN RETAIL SPACE**

**REFINANCED AND GUARANTEES RELEASED**

**PER SHARE MAIDEN DIVIDEND DECLARED**

**HIGHLIGHTS**

*Audited financial results*  

FOR THE YEAR ENDED 30 SEPTEMBER 2018  

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**CASH FLOW**

**CASH GENERATED FROM OPERATIONS**

**GROWTH IN RETAIL SPACE**

**REFINANCED AND GUARANTEES RELEASED**

**PER SHARE MAIDEN DIVIDEND DECLARED**

**CORPORATE INFORMATION**

PEPKOR HOLDINGS LIMITED ("Pepkor" or the company; or "the group") (previously Steinhoff Africa Retail Limited) (incorporated in Republic of South Africa)  

EXECUTIVE DIRECTORS (C relationships Chief executive officer, Chief financial officer)  

NON-EXECUTIVE DIRECTORS  

Registered address: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196  

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For further information, refer to Pepkor's detailed results announcement available on www.pepkor.co.za

**Other information**

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