

## **Pepkor raises R1 billion in bonds in the SA debt market**

Monday, March 9, 2020

South Africa's leading discount and value retailer, Pepkor Holdings Limited, successfully raised R1-billion in the South African bond market this week, following the launch of its R10-billion Domestic Medium Term Note Programme.

Pepkor launched a bond programme aimed at diversifying its sources of funding and proceeds from the raised bonds will be utilised to settle its outstanding debt. At 30 September 2019, Pepkor's net debt amounted to R14-billion, representing a net debt-to-EBITDA cover of 1.7 times. The group aims to reduce its debt cover to 1x net debt-to-EBITDA in the medium term.

The bond auction had more than 20 bidders and was oversubscribed by 3.8 times, indicating a strong demand from institutional investors. This auction allowed Pepkor to raise the bonds at very favourable rates which will reduce its future cost of funding. Pepkor raised R800-million in 3-year bonds at a rate of 3-month JIBAR +159 basis points and R206-million in 5-year bonds at a rate of JIBAR +174 basis points.

Commenting on the bond auction, CEO Leon Lourens said, "It is very positive to see the strong support for Pepkor from the investor community. As reported in our 2019 results, Pepkor continues to focus on still improving its resilient business model and providing value to their customers. This continues to drive our performance - even through tough times."

At the end of January 2020, the ratings agency, Moody's, assigned Pepkor a first-time 'A3.za national scale rating' which is seen as a measure of creditworthiness. The rating indicates that the risk of defaulting on investors and creditors is low due to the resilience of its operating businesses. The report mentioned Pepkor's strong position in the South African retail market with well entrenched brands such as Pep and Ackermans. Moody's also noted that Pepkor has had stable credit metrics over the past three years with a good liquidity profile and conservative financial policies.

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### **About Pepkor**

Pepkor has the largest retail store footprint in southern Africa with more than 5 400 stores operating across 11 African countries and includes trusted brands such as Pep, Ackermans, Bradlows and Buco. Pepkor continues to provide South Africans with the right products, at the right price, and at their convenience. The majority of Pepkor's retail brands operate in the discount and value market segment, which enjoys natural resilience through volatile economic conditions.

### **Financial highlights as at 30 September 2019**

Annual Revenue: R69.6 billion

Operating Profit: R6.8 billion

Number of Stores: 5 415

Total Retail Space: 2.4 million m<sup>2</sup>

Employees: 56 100

Transactions: 400 million+