

CASE STUDY

MANUFACTURED
CAPITAL

FLIP-FLOPS
EXPAND INTO
NEW FACTORY



At the end of the second year of production (September 2019), PepClo had produced 3.3 million pairs of flip-flops – almost 30% of PEP's total flip-flop sales. In FY20, we increased production to 4.4 million.

INPUTS

- ▶ R30 million investment in converting and refurbishing an existing Pepkor property that was conveniently situated across the road from the PepClo factory

OUTPUTS

- ▶ 850 m² production space
- ▶ 200 m² raw material storage space
- ▶ 300 m² finished goods space
- ▶ Extended production line that will allow for 13 000 additional pairs per day

4.4 million

flip-flops assembled

40 new employees

will supplement the existing production line

Expanding into a new production facility will increase volumes and our commitment to support local employment.

A new production facility has been built to accommodate an extended production line. The 1 300 m² premises will also house a raw material store for the assembly components used in the production of flip-flops.

Local procurement and employment are key priorities for the group and, as such, Pepkor is committed to the South African government's R-CTFL Master Plan to 2030. After two years of proven success in bringing flip-flop production onshore, a new facility will be commissioned early in 2021 to provide more space for the increase in production demand.

This investment is in line with efforts to help the South African economy, expand its production sectors, and promote local procurement and employment.

The new flip-flop facility will employ an additional 40 permanent employees

The South African R-CTFL Master Plan vision for 2030 is:

A competitive, sustainable, and dynamic R-CTFL value chain that provides its customers with compelling products and that is invested in growing employment and advancing inclusion and transformation.

These objectives are crystallised into a set of five strategic pillars:

- ▶ Market growth – both domestic and international
- ▶ Value chain localisation
- ▶ Competitiveness advancement
- ▶ Value chain transformation
- ▶ Skills and technology advancement

Source: South African R-CTFL Value Chain Master Plan to 2030, p 9



PepClo's new flip-flop factory will be commissioned early in 2021. Since the production line was started in 2017, production of flip-flops increased by 100% in the first year, and now exceeds 4 million pairs per year.