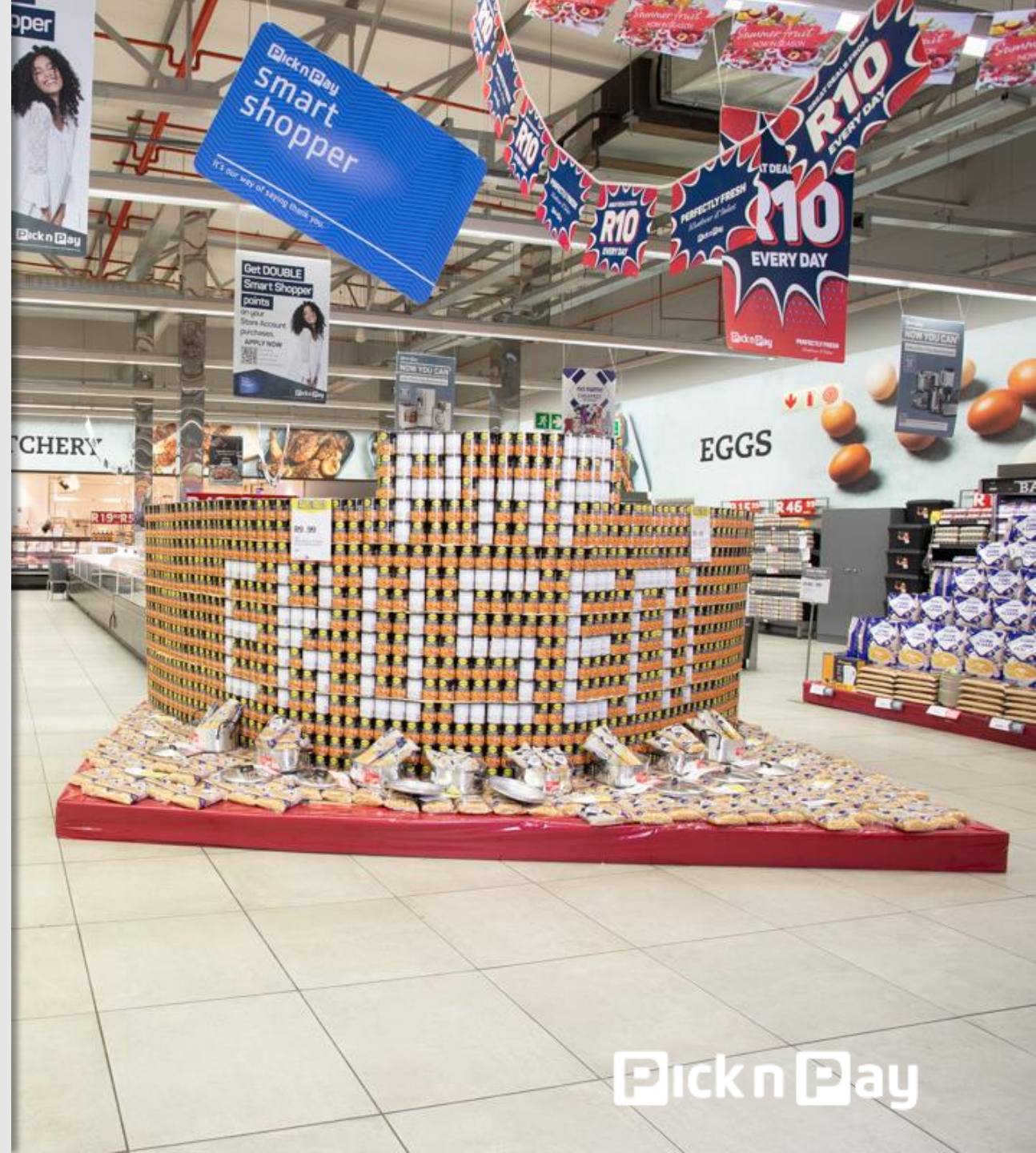


17 May 2022

EKUSENI: A NEW DAWN Strategic Plan





AGENDA

3.1 Our ambition

3.2 Our plan

3.3 Conclusion

4 Q&A

A STRONG BASIS FOR GROWTH

1 910

stores in
South Africa

a national footprint
with broad reach
across demographics

80%

Smart Shopper
participation

industry-leading
customer data is
guiding our future
plan

2.0%

PBT margin

improving – but we
can deliver more

5.2%

FY22 sales
growth

steady underlying
improvement at a
highly disrupted time

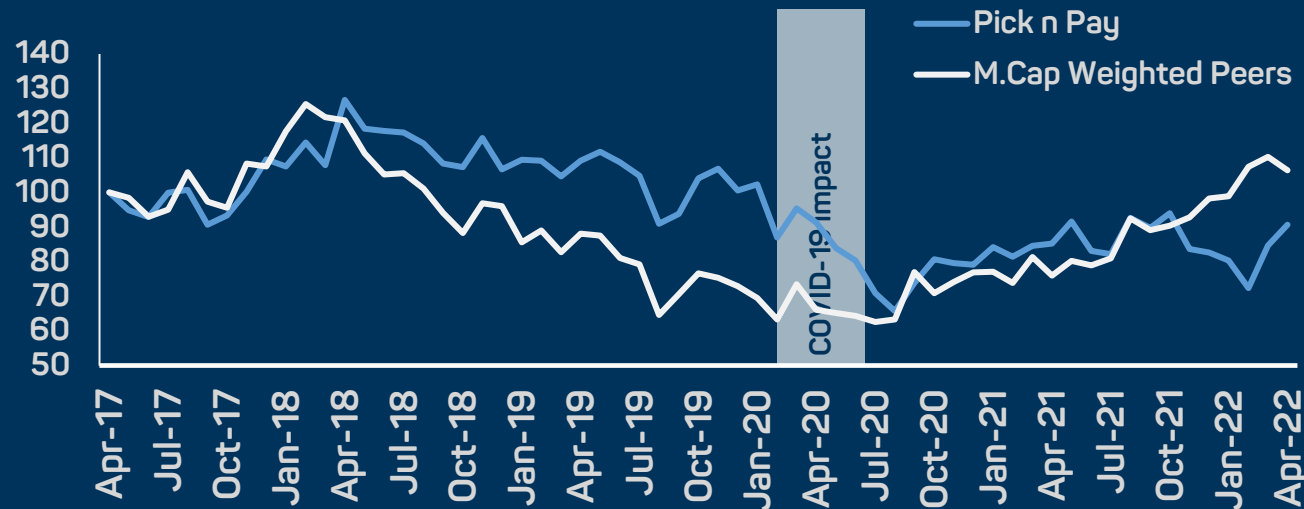


OUR CORE STRENGTHS

- › Pick n Pay is a loved brand
- › Boxer is the fastest growing discounter in the market
- › Combination of brands gives us unrivalled proximity to customers
- › Our franchise partners are brilliant entrepreneurs – committed to Pick n Pay
- › Smart Shopper delivers great customer loyalty, personalisation and unrivalled data
- › Strong balance sheet and liquidity position

TOTAL SHAREHOLDER RETURN

TSR indexed to 100 in Apr 17:



TSR – 5YR: TSR – 3YR: TSR – 1YR:

Weighted peer* group:	25%	32%	44%
Pick n Pay:	7%	-8%	10%

Source: S&P CapIQ

*Spar, Shoprite, Massmart and Woolworths

EQUITY MARKET OBSERVATIONS

- Significant opportunity for the Group to enhance shareholder returns
- Investors want more insight into divisional performance
- Keen interest in our future strategic direction and plan

WE HAVE REVIEWED OUR STRATEGY

focusing on the following:

Market

- Detailed analysis of the market, competitors, and key customer segments
- Each segment of the South African market is growing with the strongest growth in the less affluent market

Customer proposition

- Confirmed customer sentiment through 7000 customer surveys
- Customers believe we can be cheaper, have a more relevant range, have more consistent stores, and a higher level of service

Future growth opportunities

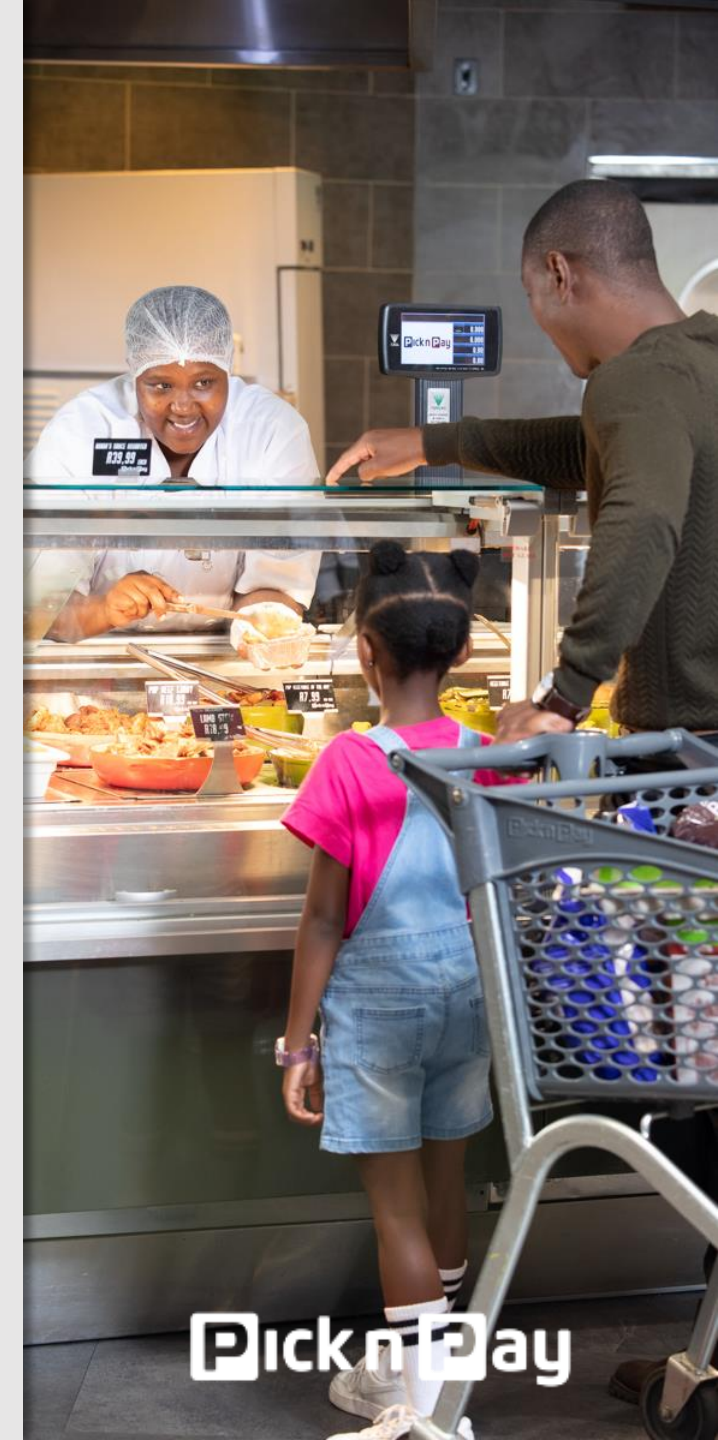
- Identified key future trends in Omnichannel grocery and the opportunities to serve customers in better ways
- Confirmed Boxer's potential for growth in the segment they serve
- Confirmed our Online potential and our Clothing proposition

Performance

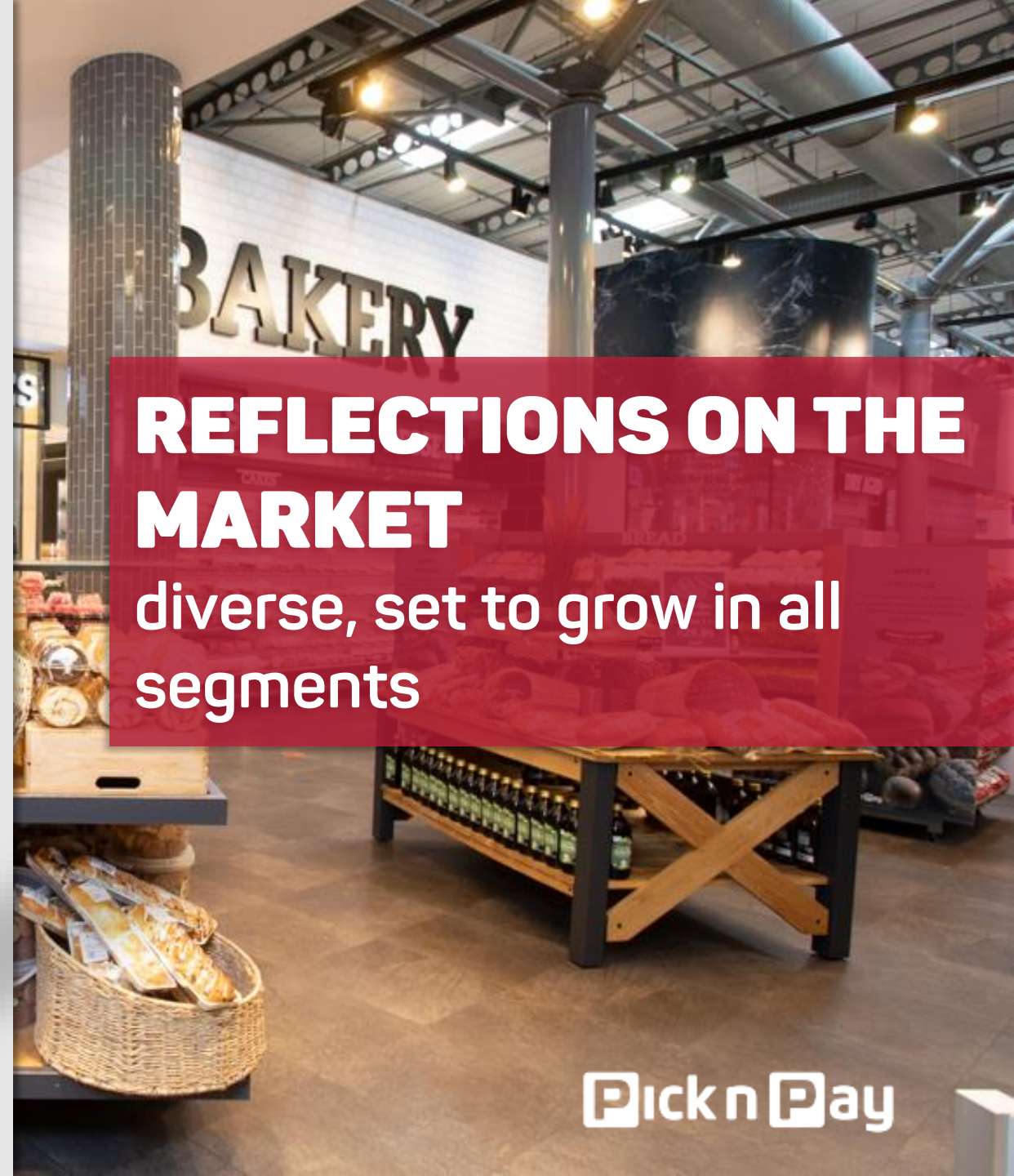
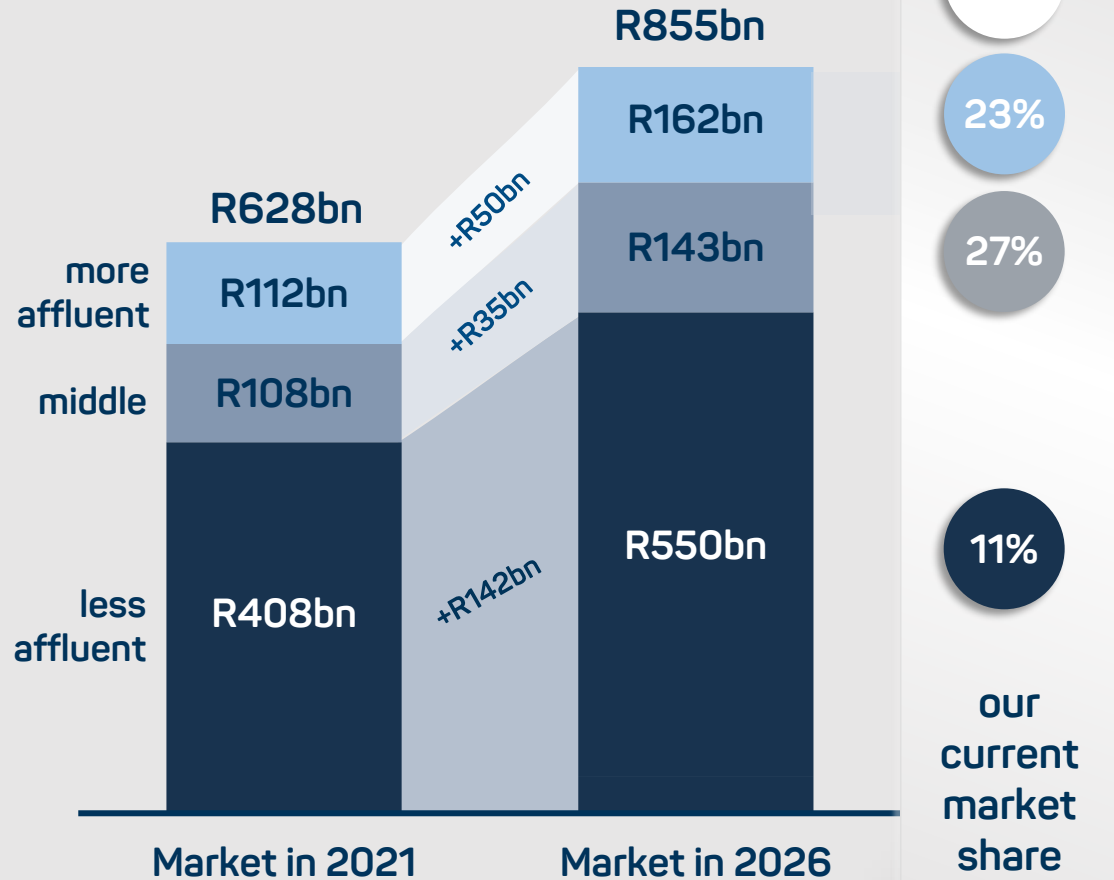
- Evaluated a more tailored assortment that reduces complexity
- Looked at productivity increases via digitisation and automation
- Organisational discipline – so that improvements are sustained over time

People

- Assessed the capabilities of our senior leadership team, and made the necessary adjustments
- Evaluated what is needed across the organisation to deliver future success
- Increasing engagement to begin work on culture



South African formal food and grocery market:



REFLECTIONS ON THE MARKET
diverse, set to grow in all segments

REFLECTIONS ON THE CUSTOMER PROPOSITION

Pick n Pay Retail can deliver
better for customers

What customers tell us:

Prices

improving, but can still be cheaper

Range

must be more relevant to the
different customer segments

Stores

shopping experience can be more
consistent e.g. navigation, look & feel

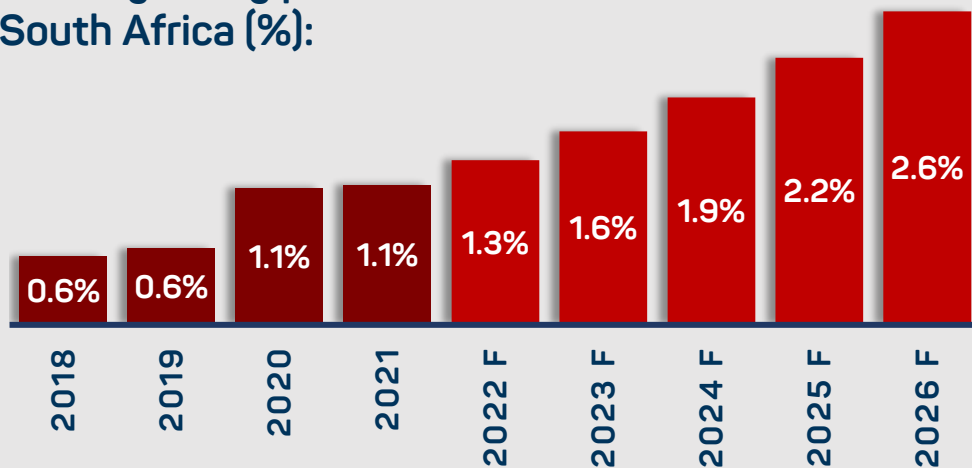
Service

can be brilliant, but needs to be much
more consistent

REFLECTIONS ON THE FUTURE GROWTH OPPORTUNITIES

driven by technology and changes in customer needs

Online grocery penetration in South Africa (%):

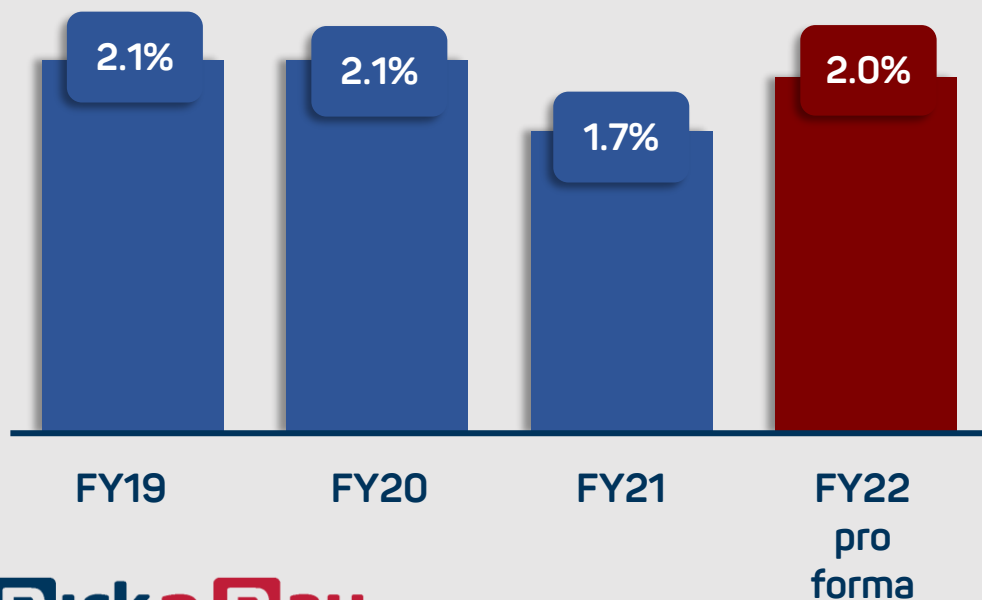


- Food and grocery retail is changing very rapidly
- Customers are increasingly demanding the convenience of online grocery
- This will be a key determinant of future market share
- An excellent online offer enriches data, unlocks greater insight, and enables a more personalised relationship with the customer
- A trusted online relationship is a platform for adjacent services and revenue streams

REFLECTIONS ON PERFORMANCE

we know where and how we can accelerate our progress

Group PBT margin %:



Some key opportunities for improvement:

- › A simpler, more tailored, assortment that reduces operational complexity
- › End-to-end productivity increases through digitisation and automation
- › A leaner and more customer-focused support office
- › Organisational discipline – so that improvements are sustained over time

- › Analysed our senior leadership capability
- › Identified capability gaps - need to be more entrepreneurial, more delivery-focused, better teamwork
- › Made important changes in senior leadership but more work needed on culture
- › Employee advocacy will improve through better staff engagement

REFLECTIONS ON OUR PEOPLE

are our top asset, and are key to unlocking our potential

20%

of leadership roles have different people in place compared to last year



OUR AMBITION AND GOALS BY FY26





AGENDA

- 3.1 Our ambition
- 3.2 Our plan
- 3.3 Conclusion
- 4 Q&A



OUR PLAN

- 1** Deliver a refined Pick n Pay customer value proposition
- 2** Accelerate Boxer growth
- 3** Build our Online business
- 4** Deliver Project Future
- 5** Build a winning team

THE TEAM PRESENTING TODAY...



Pieter Boone
Chief Executive Officer



Lerena Olivier
Chief Financial Officer



David North
Chief Transformation Officer



Thembi Mazibuko
Chief People Officer



Marek Masojada
Boxer Managing Executive



Iain Bromage
Brand Leader Pick n Pay



Andrew Mills
Brand Leader Pick n Pay

A REFINED PICK N PAY CVP





WE HAVE LISTENED AND LEARNED

Listened to customers

- 7000 customer interviews
- Over 1 billion Smart Shopper data points
- Extensive focus groups

Understood customer needs

- Diverse customers with distinctive needs
- We can differentiate better to serve these needs

THE KEY CUSTOMER DRIVERS DIFFER SIGNIFICANTLY ACROSS SEGMENTS

Customer A



Customer B



Customer C



Key Drivers

Promotions

Lowest prices

Bulk deals

Great value

Promotions

Availability/Range

High quality

Location/Range

Store experience

PICK N PAY RETAIL CAN BETTER REFLECT CUSTOMER SEGMENTS WITH TWO DISTINCT BRANDS

Customer Segment A



Customer Segment B



Customer Segment C






Boxer

Pick n Pay

Pick n Pay: Project Red

Group Brands

HOW THE BRANDS WILL COVER THE MARKET

			
SKUs	3 000 SKUs	8 000 SKUs	18 000 SKUs
Range	Focused, with strong confined label	Wider range, strong in fresh	Depth of range, quality, innovation and freshness
Price	Lowest price discounter	Low prices, great quality	Great value, best quality
Stores	Vibrant	Elevating the essentials	Aspirational and powerfully fresh
Service	Friendly and familiar	Service excellence	Experiential service

THREE LEADERS WITH END-TO-END ACCOUNTABILITY

BOXER



Marek Masojada
Boxer Managing Executive

Pick n Play
Project Red



Andrew Mills
Brand Leader
Pick n Pay: Project Red

Pick n Play



Iain Bromage
Brand Leader
Pick n Pay



EMBRACING NEW CATEGORY ROLES

Categories roles:



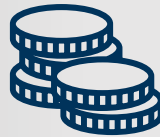
Power

Customers select stores based on these items



Traffic

Customers come to stores specifically for these items



Essentials

Necessities that may have a higher value but don't affect store choice



Opportunistic

These items act as basket fillers

Allocation:

Range

Space

Voice



THE WORLD OF PROJECT RED STORES

"Lower prices never looked better"

1 Competitive pricing on most wanted items



Fruit & Veg Market



Bakery



2 Market beating promotions

3 Credible ranges, always available



Fresh & Frozen Meat



Cold Drinks



4 Well organised & clean stores with helpful staff

5 Exciting "vibes" across entire store



Bulk & Promotional



Commodity Power



PROJECT RED: FRUIT AND VEG MARKET

"Lower prices never looked better"

FRESH MARKET FEELING



IMPROVED QUALITY



➤ Fresh market feeling with a relevant range

➤ Increased focus on quality

➤ Bulk savings

FOCUS ON BULK OFFERINGS



MODERNISED SIGNAGE



PROJECT RED: BAKERY

"Lower prices never looked better"

DEDICATED BAKERY WORLD



MODIFIED BAKERY COUNTER



BAKERY "THEATRE"



OPTIMISED QUALITY



- More space and new counters to create dedicated bakery world
- Best quality at best prices
- Optimised bakery range to improve quality
- Roll-out of hot in-store bread

PROJECT RED: FRESH & FROZEN MEAT

"Lower prices never looked better"

DEDICATED PROTEIN WORLD



HIGH QUALITY MEAT



TRAINED STAFF



FROZEN BULK OFFERINGS



- Complete protein solution
- Optimised production plans focused on quality and service
- Special training for employees to improve service
- Offering bulk to improve price perception

PROJECT RED: COLD DRINKS

"Lower prices never looked better"

EXTENDED CSD WORLD



BETTER CSD PROMOTIONS



➤ Increased space on perimeters for cold drinks

➤ More focus on CSD promotions

PROMINENT POSITIONING OF KEY BRANDS



ADJACENT TO SNACKING WORLD



➤ Extended offering of carbonated soft drinks around flavours

PROJECT RED: BULK & PROMOTIONAL

"Lower prices never looked better"

DEDICATED PROMOTION AISLES



EXCITING BULK DISPLAYS



- Dedicated promo aisle
- Market beating promotions
- Strong focus on bulk displays
- Simplified promotion mechanics

SIMPLER PROMOTIONS



EXCITING VIBES



PROJECT RED: COMMODITY POWER

"Lower prices never looked better"

**DEDICATED
COMMODITY WORLD**



EXCITING ATMOSPHERE



**HIGH ON-SHELF
AVAILABILITY**



GREAT PROMOTIONS



- Dedicated space and bulk displays at perimeter with bulk display
- Focus on large pack sizes & bulk to drive value perception
- Competitively priced and market beating promotions

THE WORLD OF PICK N PAY STORES

"Our best, your best!"

1 High quality at great value with focus on freshness



Fresh



2 Relevant range and innovative assortment also catering for health and indulgence



Butchery and Fresh Poultry



3 More aspirational shopping experience



Cheese & Wine



4 Knowledgeable and eager-to-assist product specialists



Hot Beverage



Bakery



Snacking



PICK N PAY FRESH

"Our best, your best!"

FEELING OF ABUNDANCE

Pick n Pay



BEST FRESHNESS & QUALITY



FOCUS ON SEASONALITY



IN-STORE EXPERIENCE



- Seasonality and quality right at the door
- Great ranges and flows
- Range driving innovation
- Importance of customer basics, i.e. combo offerings
- Proudly South African theme

PICK N PAY BUTCHERY AND FRESH POULTRY

"Our best, your best!"



- Destination for meat and poultry
- Great flows, ranges and quality
- Incredible steak shop
- Proudly South African theme
- Trained staff

PICK N PAY CHEESE & WINE

"Our best, your best!"



- Adjacency of wine and cheese blue print
- Speciality cheeses with cheese basics
- Designated wine cellars
- Great flows and layouts for easy shopping experience
- Wine advisors for better service

PICK N PAY BAKERY

"Our best, your best!"

MODERN COUNTERS



DEDICATED BAKERY AREA



**GREAT BREAD RANGE
AND PRICING**



TRAINED BAKERS



- Creating theatre, stepping out counters
- Power tables and range
- Passionate about bread ranges and pricing
- Trained bakers
- Proudly South African theme

PICK N PAY HOT BEVERAGE

"Our best, your best!"



- Destination for hot beverages
- Optimised and relevant range focusing on innovation, health and indulgence
- Creation of points-of-interest

PICK N PAY SNACKING

"Our best, your best!"



- Increased space for snacking world
- Improved in-store experience with focus on themes
- Focus on innovation, health and indulgence through crafted collection



BOXER



Pick n Pay
Project Red



Pick n Pay

EXECUTING THE CVP

- › Testing the CVPs in pilot stores
- › Plan to realign our store estate in H2 FY23 based on experience in pilots
- › Ramping-up refurbishments and in-store training to ensure a top standard of execution

+20 NPS score by FY26

BOXER.COM
K LONGER FOR LES

BOXER.COM
airtime & data price

BOXER
TALK L



**ACCELERATING
BOXER GROWTH**

THE BOXER JOURNEY BEGINS

1977



- First store opens in KwaZulu-Natal originally trading as 'KwaZulu Cash & Carry.'

1991



- First Name change to 'Boxer Cash & Carry.'

1995



- Expansion into Eastern Cape.

1997



- Second Name & Logo change to 'Boxer Superstores.'
- Expansion into Mpumalanga & North West.

2001



- Boxer Training Department becomes one of the first Retailers in SA to receive full training accreditation from W&R SETA.

2002



- Pick 'n Pay acquires Boxer.

2003



- Launch of Boxer Private Labels.

2004



- New Trading Format opens: Boxer Build.

2007



- First shopping mall anchor store opens: (Boxer Giyani).

2009



- 100th Store Opens.
- First TV Advert airs.
- Expansion into eSwatini.
- New Format opens: Boxer Liquors.

2010



- Boxer hosts FIFA World Cup 'Diski Imbizos' for soccer fans.

2011



- Boxer Meat Factory opens.
- Prospecton (KZN) Distribution Centre opens.

2012



- Third change to Boxer Logo.

2014



- Launch of Golden Ray Confined Label.
- Boxer wins KZN Top Business Award.

2015



- Boxer Tagline launched.
- First 'New Generation' store opens.
- 200th Store opens.

2015



- Cato Ridge (KZN) Distribution Centre opens.

2017



- Boxer celebrates 40 Years of Trading.
- East London (EC) Distribution Centre opens.

2018



- 250th Store opens.

2020



- 300th Store opens.
- Sixth Distribution Centre opens: Green Gate (Gauteng), Lynnfield (KZN) & Polokwane (Limpopo)

2021



- 350th Store opens.

2022



- Boxer Meat Factory celebrates 10 years of service.
- Boxer Youth Leadership Programme celebrates 20 years of service.
- Boxer celebrates 45 years of trading.



OUR JOURNEY CONTINUES TO BE AFRICA'S FAVOURITE DISCOUNT SUPERMARKET



BOXER'S WINNING SOFT DISCOUNT MODEL

- › Trading our 8th year as Southern Africa's Favourite Discount Supermarket, under our customer value proposition:
 "Never Pay More than the Boxer Price"
- › Grown to 380 modern, vibrant stores in the most convenient locations, across South Africa and eSwatini
- › Unique, highly focused range of 3000 SKUs - branded and confined label
- › Giving our customers everyday market leading value through continuous promotions on single products, exciting combos, and outstanding deals
- › Delivered by a customer-focused, committed and agile team of 25 000 staff members

THE BOXER CUSTOMER VALUE PROPOSITION

We are synonymous with:

Market Leading
Low Prices



Exciting
Free Deals + FREE

Customer-Favourite
Combos



eCoupons
to Drive Loyalty



Giving Back to our
Communities



We are a destination for:

Best-in-Industry for
Basic Commodities



High-quality
Own Labels



Butchery, Bakery,
Fruit & Veg



Customer-focused
Marketing Campaigns



Wide Range of Value
Added Services



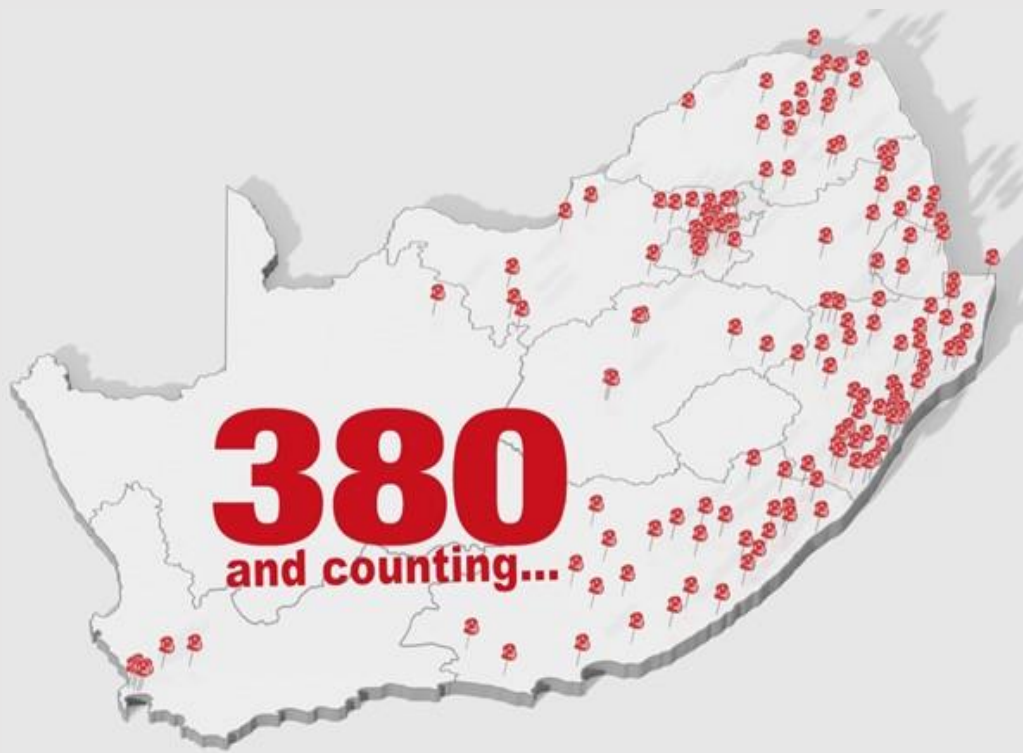
BOXER

BOXER EXPANSION PLANS

Accelerate growth of our proven format in the fastest-growing market segment

- › Open 200 new Boxer stores in the next three years across our three formats
- › Achieve consistent like-for-like growth ahead of the market
- › Expand our Supply Chain Network to support the new store roll-out
- › Efficiency enhancing system developments in key areas, with particular focus on Supply Chain Planning





DELIVERING THE BOXER ACCELERATION

- › Partnering with new and existing property partners to unlock space
- › Staff development & training to cater for the many career opportunities that will be created
- › Engagement with local communities to build sustainable partnerships
- › Enhancing the unique aspects and simplicity of the Boxer Model - striving to be the most efficient and the lowest cost operator in the market

2x Boxer sales by FY26

Pick n Pay

Pick n Pay

Pick n Pay asap!
GROCERIES, DELIVERED. EASY.
Pick n Pay asap!
Get the app or visit www.picknpay.com

Pick n Pay asap!
GROCERIES, DELIVERED. EASY.
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**ACHIEVING OUR
OMNICHANNEL
AND DIGITAL
AMBITIONS**

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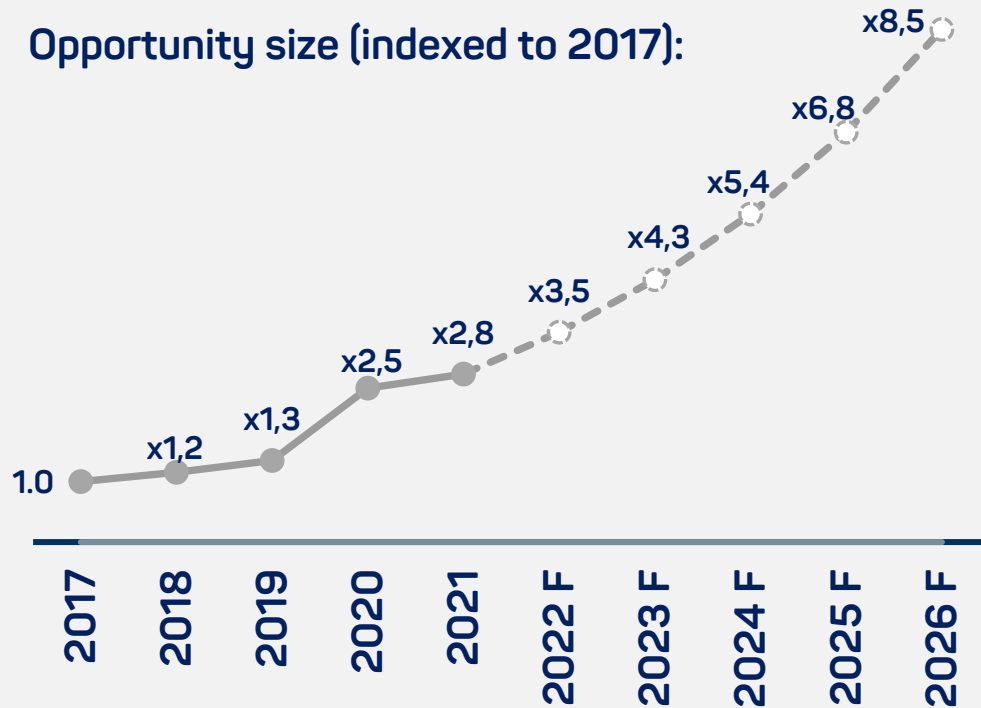
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CAA 1
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Pick n Pay

SOUTH AFRICAN ONLINE GROCERY

Opportunity size (indexed to 2017):



Online grocery remains in early stage but has grown quickly



Believe this growth will continue to accelerate



We have a strong asap! on-demand offer and a good scheduled delivery business. But we have more to capture



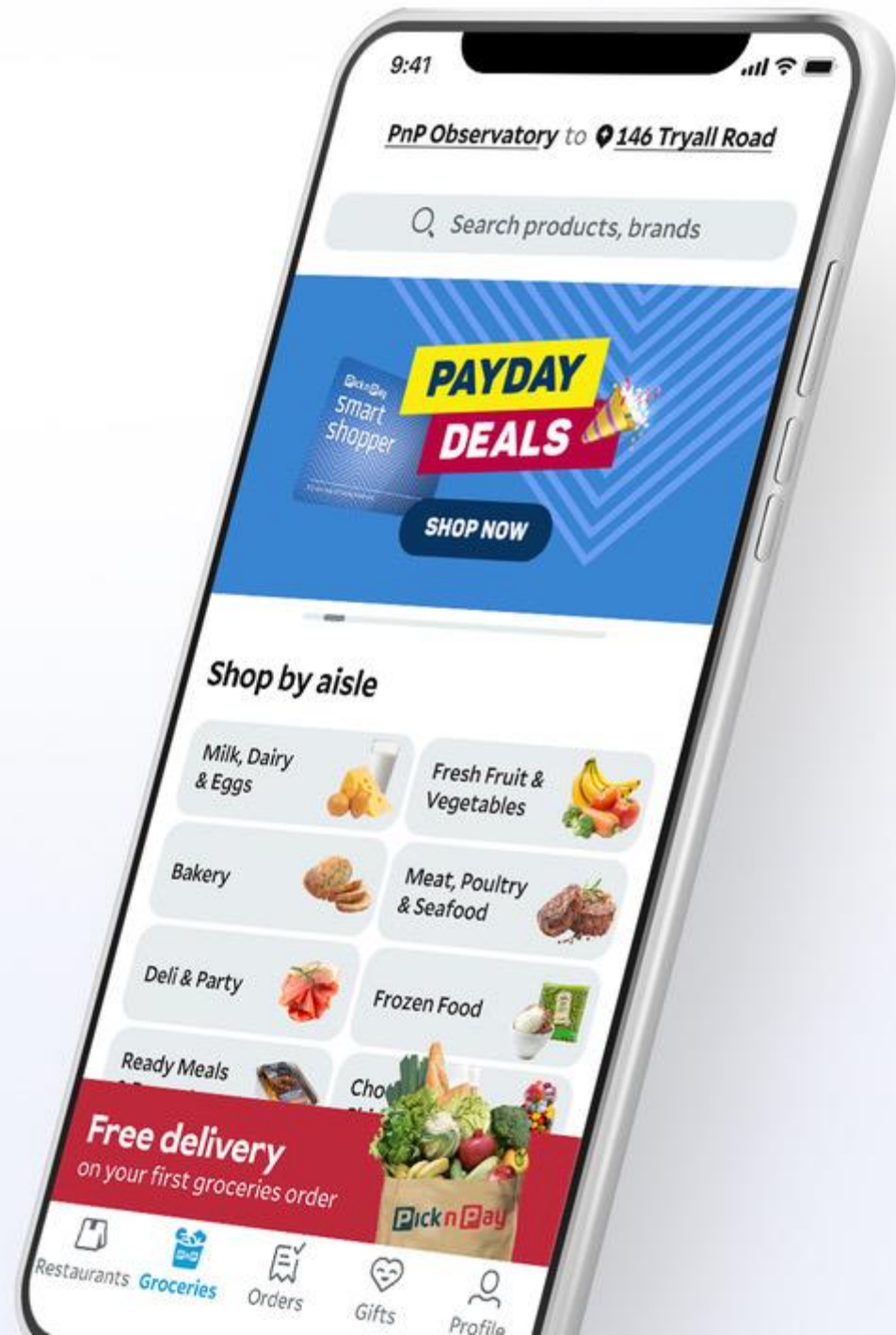
Believe this is best achieved by working with others who share our commitment to customers

Pick n Play

NOW ON



takealot.group



COMMERCIAL SERVICE AGREEMENT

- 1 A dedicated Pick n Pay on-demand grocery service on the Mr D app
- 2 Pick n Pay brings its fresh food & grocery expertise and its nationwide store network
- 3 Takealot Group brings its industry-leading technology and scalable delivery network
- 4 Over 2.5 million active customers on Mr D
- 5 Smart Shopper will be integrated in the offer
- 6 To be launched in August 2022

Pick n Pay

Now on





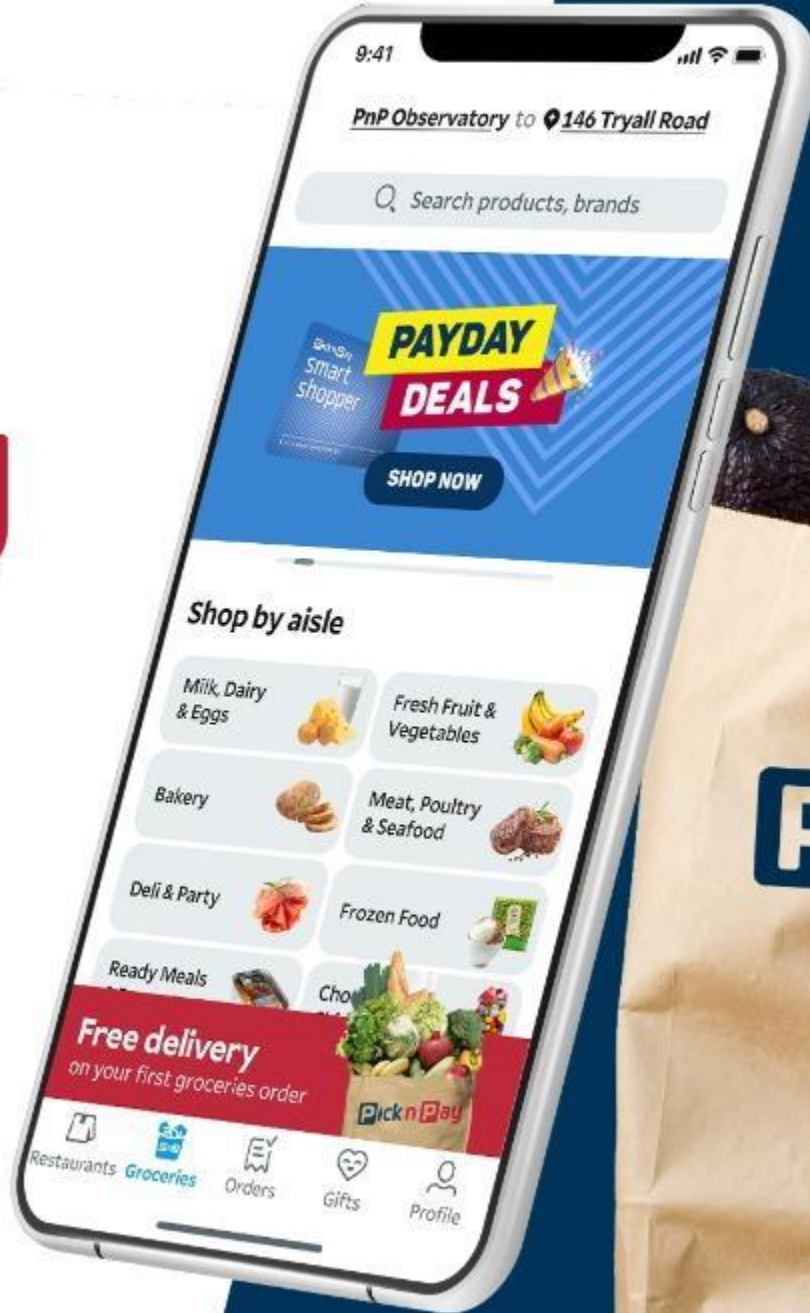
takealot.group

Kim Reid

Founder and Chairman, Takealot Group

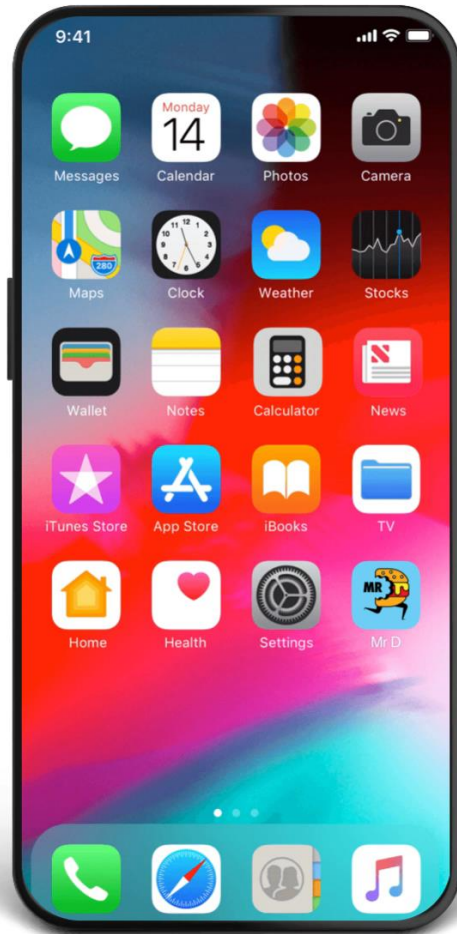
Pick n Play

NOW ON



Pick n Play





KEY FEATURES OF THE NEW OFFER

- Dedicated Pick n Pay customer journey on the Mr D app
- Items tailored to availability in the relevant Pick n Pay store
- Order picked in store by Pick n Pay staff
- Delivered by Takealot delivery fleet
- Customers will be able to earn Smart Shopper points

8X Online revenue by FY26

ACCELERATING DIGITALISATION ACROSS OUR BUSINESS

1

Smart Shopper

- Licensing SaaS to third parties
- Leverage as a differentiator in our new online offer

2

Advanced Analytics and AI

- Powering improvements in forecasting and category management
- Delivering personalisation of offers and promotions

3

Automation

- Automating poor performing support processes
- Leveraging to complete repetitive administrative tasks

4

Customer Engagements

- Digitalising more customer interactions
- Improving capabilities of these interactions

5

Monetising Data and Retail Media

- Customer insights portal (CIP) for suppliers
- Primedia partnership and PnP Connect

6

Cloud Operations

- Completed migration of all system loads to AWS
- Leveraging complementary, available and leading Cloud services

PROJECT FUTURE PHASE 2

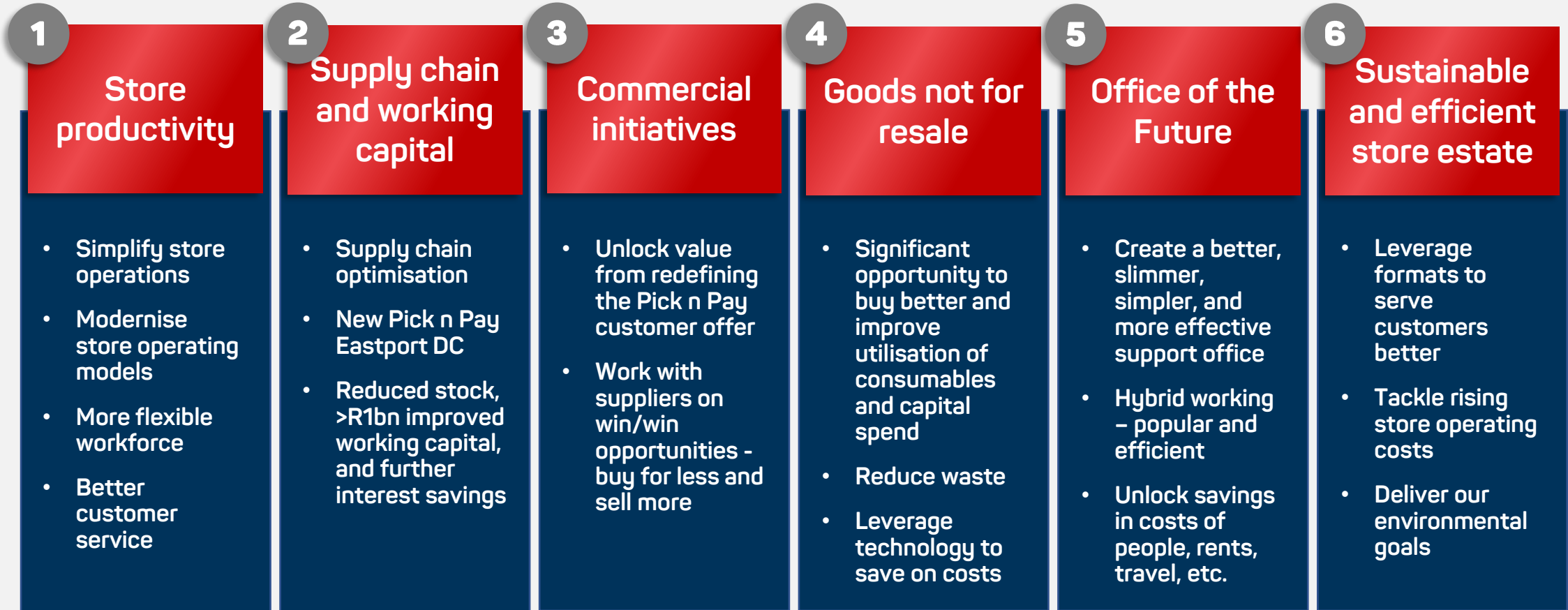




SAVINGS ALLOW US TO DELIVER LOWER PRICES

- › Greater efficiency is a priority for every retailer
- › Project Future seeks to deliver efficiency savings to reinvest in customers
- › Over time investments will draw customers which will deliver bottom line improvements
- › This is an essential enabler for the overall plan
- › Phase 1 delivered R1 billion in savings
- › Good progress in recent years – but our benchmarking indicates that more efficiencies can be unlocked

EXECUTING PROJECT FUTURE PHASE 2



R3 Billion in savings over three years



ESG AND EKUSENI

- › Core principle: doing good is good business
- › By reducing waste we help the environment and reduce our costs
- › Some key targets:

Zero Carbon by 2050; -60% by 2040

100% CO² refrigeration by 2040

↓20% reduction in water usage per store by 2025

Eastport DC a green building exemplar

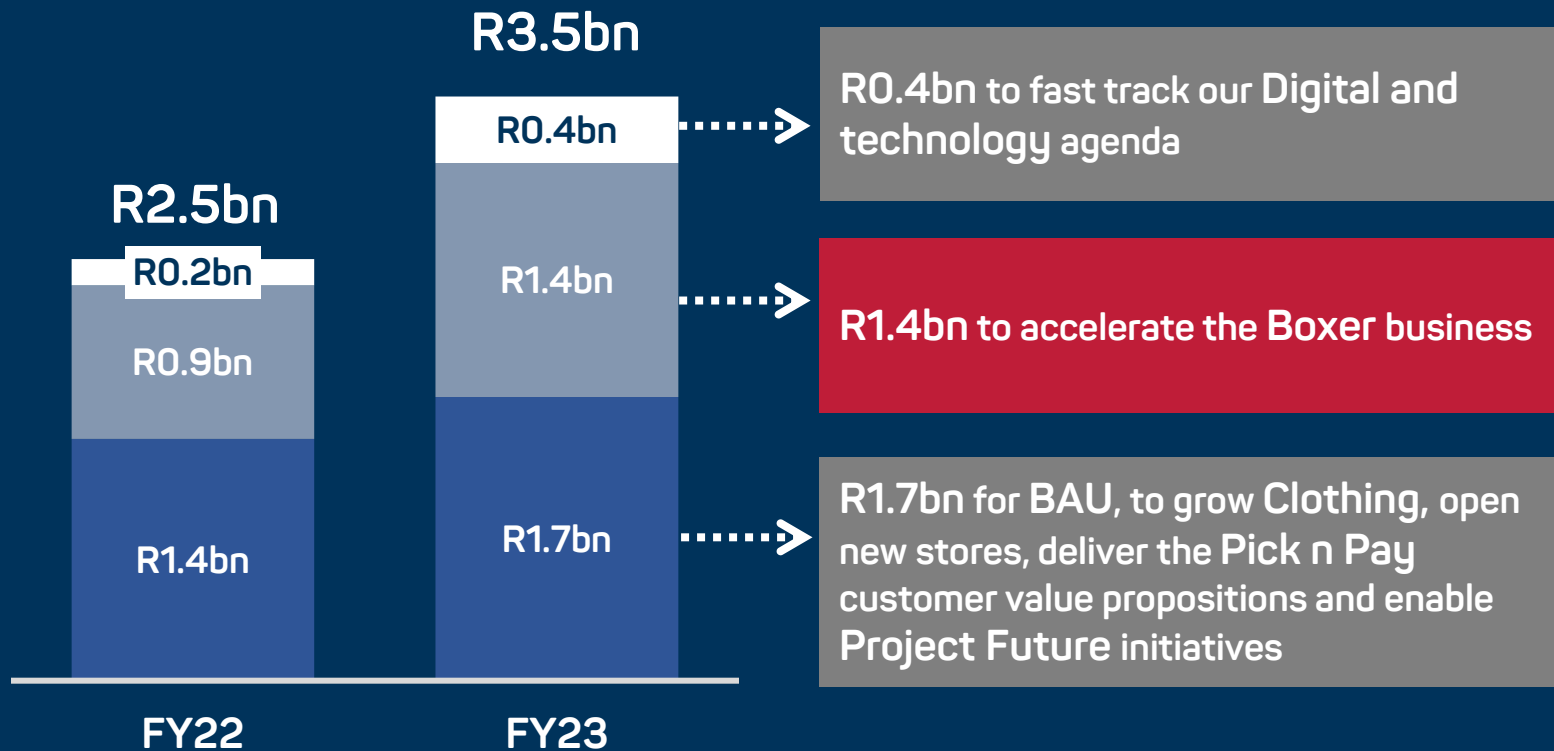
↓50% in food waste by 2030

100% packaging to be recyclable/reusable by 2025

75% of all waste diverted from landfill by 2025

ACCELERATED CAPITAL INVESTMENT PROGRAMME

Capital investment planned for FY23



› Strong liquidity will support the funding required to deliver the Group's new Strategic Plan

- free cash flow
- working capital improvements, >R1bn over 3 years
- some increase in medium-term funding

› R3.5bn total FY23 capital investment planned

› R0.5bn planned for Eastport DC already announced



DELIVERING PROJECT FUTURE

- › The goal is to save and reinvest in our customer proposition
- › Greater business efficiency enables us to contribute more
- › Accelerated capital investment plan focused on maximum returns

**R3 Billion in savings over
three years**



**WINNING
THROUGH
PEOPLE**

BUILDING A WINNING TEAM

- › Goal is a future-fit, high-performance team, delivering for customers
- › Key enablers include:
 - clear targets at every level to deliver our strategy
 - talent sourcing, mapping, and planning
 - diversity and inclusive culture
 - training, mentoring, and development
 - hybrid working
 - staff engagement



BRING OUR PEOPLE ALONG FOR THE JOURNEY

Accelerated internal engagement and alignment:





MEASURING OUR PROGRESS

- › Incentives tied to 10% sales CAGR and >3% PBT margin by FY26
- › Introducing net promoter score (NPS)
- › Effective performance management
- › EX = CX, happy employees mean we have happy customers



AGENDA

- 3.1 Our ambition
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RECAP OF OUR AMBITION AND GOALS





RECAP OF THE ADDITIONAL DISCLOSURES

- › Segmentation of turnover between Pick n Pay and Boxer from H1 FY23
- › Net promoter scores for Pick n Pay from H1 FY23
- › Tracking against Project Future cost saving goals

OUTLOOK AND EXPECTATIONS

Delivery of this comprehensive plan will take some time, and stakeholders should not expect immediate returns from it

- › In FY23 there are potentially significant cost and inflationary pressures
- › We expect an acceleration of returns from FY24, as the benefits from the plan materialise





CONFIDENCE FROM OUR MOMENTUM

- › Consistent Boxer outperformance
- › Renewed PnP growth
- › Improving price perception
- › Customer feedback on new PnP pilots

INVESTMENT HIGHLIGHTS

1. A growing market, with significant opportunities to grow further
2. Excellent store network, and entrepreneurial franchisee community
3. A measurable, bold plan to accelerate growth and grow market share
4. Proven growth engines in Boxer, Online, and Clothing – with much more to come
5. Detailed savings programme to improve competitiveness and profitability
6. Plan is already in action; we have momentum
7. A rejuvenated management team with the will and the skill to win





THANK YOU

Pick n Pay