

RESULTS PRESENTATION

For the 52 weeks ended 1 March 2020

Pick n Play

20
20





Chairman's introduction

Gareth Ackerman
Chairman

Results overview

Lerena Olivier
Chief Finance Officer

FY20 financial results & COVID-19 update

Richard Brasher
Chief Executive Officer



CHAIRMAN'S INTRODUCTION

Gareth Ackerman
Chairman

Chairman's Introduction

OUR BUSINESS IS BUILT ON 3 CORE VALUES



1 Consumer
sovereignty



2 Business
efficiency



3 Doing good is
good business

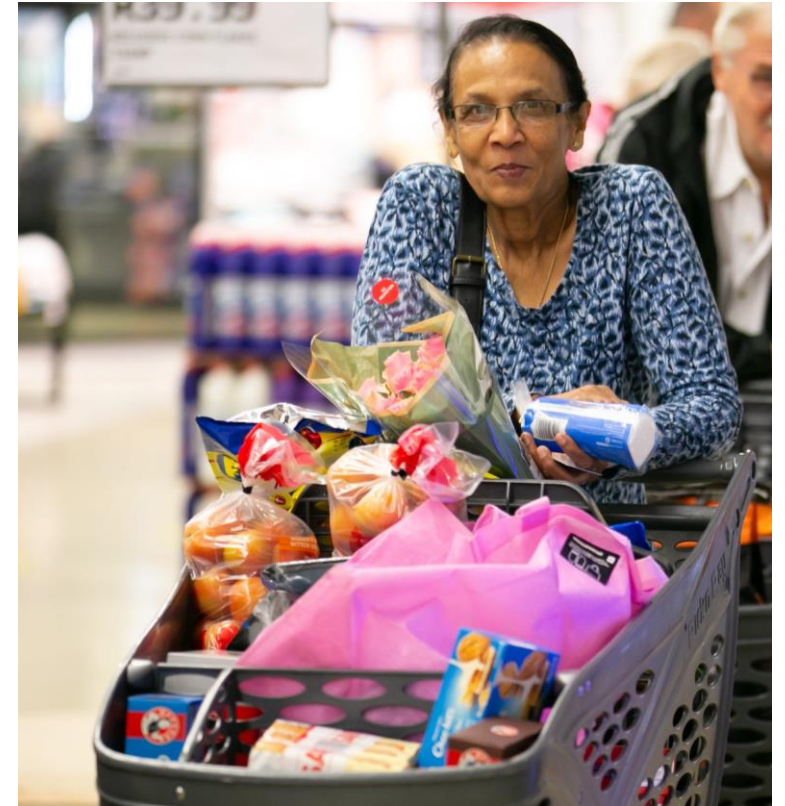
Chairman's Introduction



Proud of the Pick n Pay, Boxer & Africa teams



Chairman's Introduction



Thank you to our customers, who have trusted us to serve them safely, as we have for the last 50 years

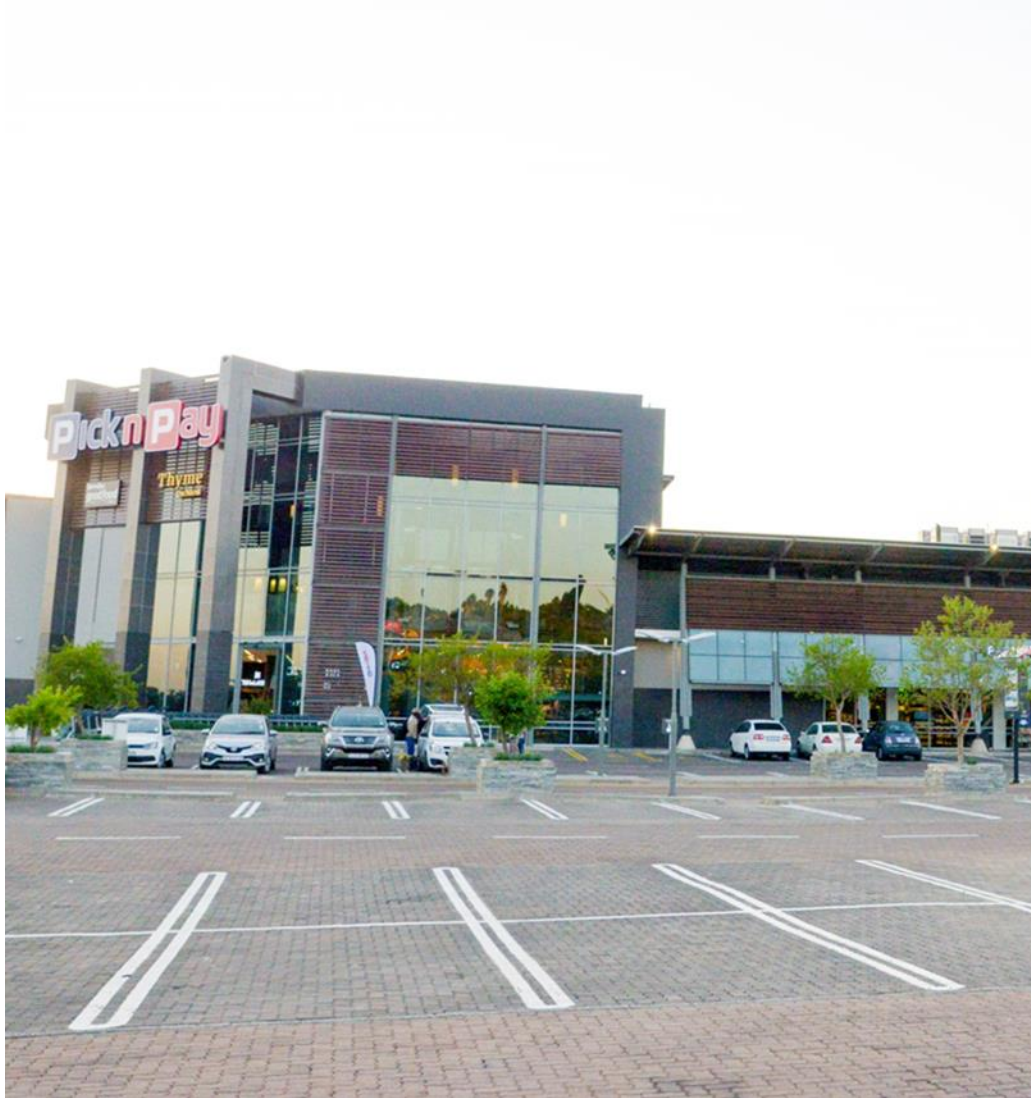
Chairman's Introduction



- Our Pick n Pay and Boxer stores play a major role as distributors of social grants, and are a critical and highly efficient network
- Feed the Nation programme has done incredible work, alongside a large number of NGOs, to supply food supplies to some of the most vulnerable
 - raised over R30 million from customers, partners and benefactors
 - delivered over 5 million meals to date
- We are also a distribution and delivery vehicle for the Solidarity Fund
- I am grateful to our major suppliers who have joined us in the 10x20x30 Food Waste Initiative to achieve a 50% reduction in food waste by 2030

Chairman's Introduction

- We want to see thriving shopping centres, where innovative and diverse businesses excite customers and raise the bar for everyone
- We are happy to announce today that Pick n Pay will not seek to enforce any exclusivity agreement against a small or speciality retailer in any centre in which we operate



Chairman's Introduction

- We must take the right decisions now to safeguard our future – individually, in our institutions and as a nation
- This is why, after much deliberation, we have taken a difficult decision to defer our annual dividend
- In normal circumstances, on the back of these Results, the Group would recommend a final dividend in line with our dividend cover of 1.3 times headline earnings per share
- However, given the current economic upheaval, and the great uncertainty about events in the coming months, the Board has taken a prudent and responsible decision to preserve cash at this time

Chairman's Introduction



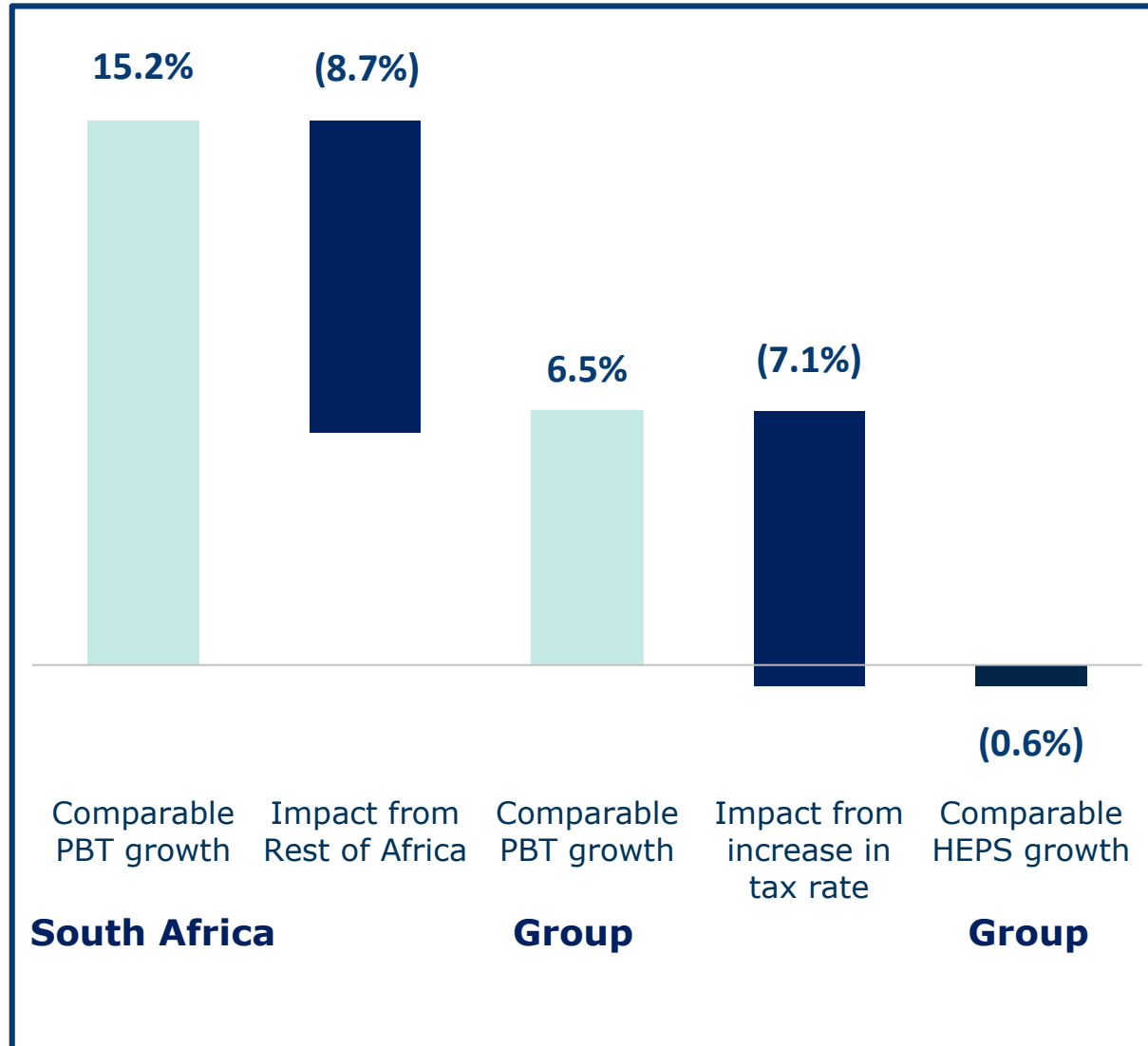
- Pick n Pay is a much stronger business and hence better able to weather this storm
- Our values have remained strong - we continue to help customers & communities during this crisis
- This is a once-in-a-lifetime event and a defining moment for our country
- Our people have demonstrated true commitment and our execution has been phenomenal under extraordinary pressure



RESULTS OVERVIEW

Lerena Olivier
Chief Finance Officer

South African operations deliver in a challenging economy



- Strength at the SA core safeguards earnings and margins in a constrained economic climate
- Sustained execution of long-term plan delivers:
 - greater relevance in customer offer
 - sustainable gross profit margin improvement
 - increased cost discipline
 - consistent returns from an effective capital investment programme
- South African Comparable PBT up 15.2%
- Group earnings impacted by challenges in Zambia and Zimbabwe
- Comparable HEPS growth in line with last year, impacted by increase in tax rate to 31.2%

Result headlines - 52 weeks

	FY20	FY19	% change
Comparable turnover	R89.2bn	R85.2bn	4.7
<i>Gross profit margin</i>	<i>19.7%</i>	<i>19.1%</i>	
Trading expenses	R16.0bn	R15.1bn	6.3
<i>Expenses margin</i>	<i>17.9%</i>	<i>17.5%</i>	
Trading profit	R3 148.0m	R2 915.9m	8.0
<i>Trading profit margin</i>	<i>3.5%</i>	<i>3.4%</i>	
Comparable PBT* - SA	R1 780.6m	R1 545.2m	15.2
<i>PBT margin*</i>	<i>2.1%</i>	<i>1.9%</i>	
Comparable PBT*	R1 870.7m	R1 756.4m	6.5
<i>PBT margin*</i>	<i>2.1%</i>	<i>2.0%</i>	
Comparable HEPS*	278.8 cents	280.6 cents	-0.6
Comparable Diluted HEPS	277.4 cents	277.1 cents	0.1

*Excluding capital items, hyperinflation gains and impairment losses

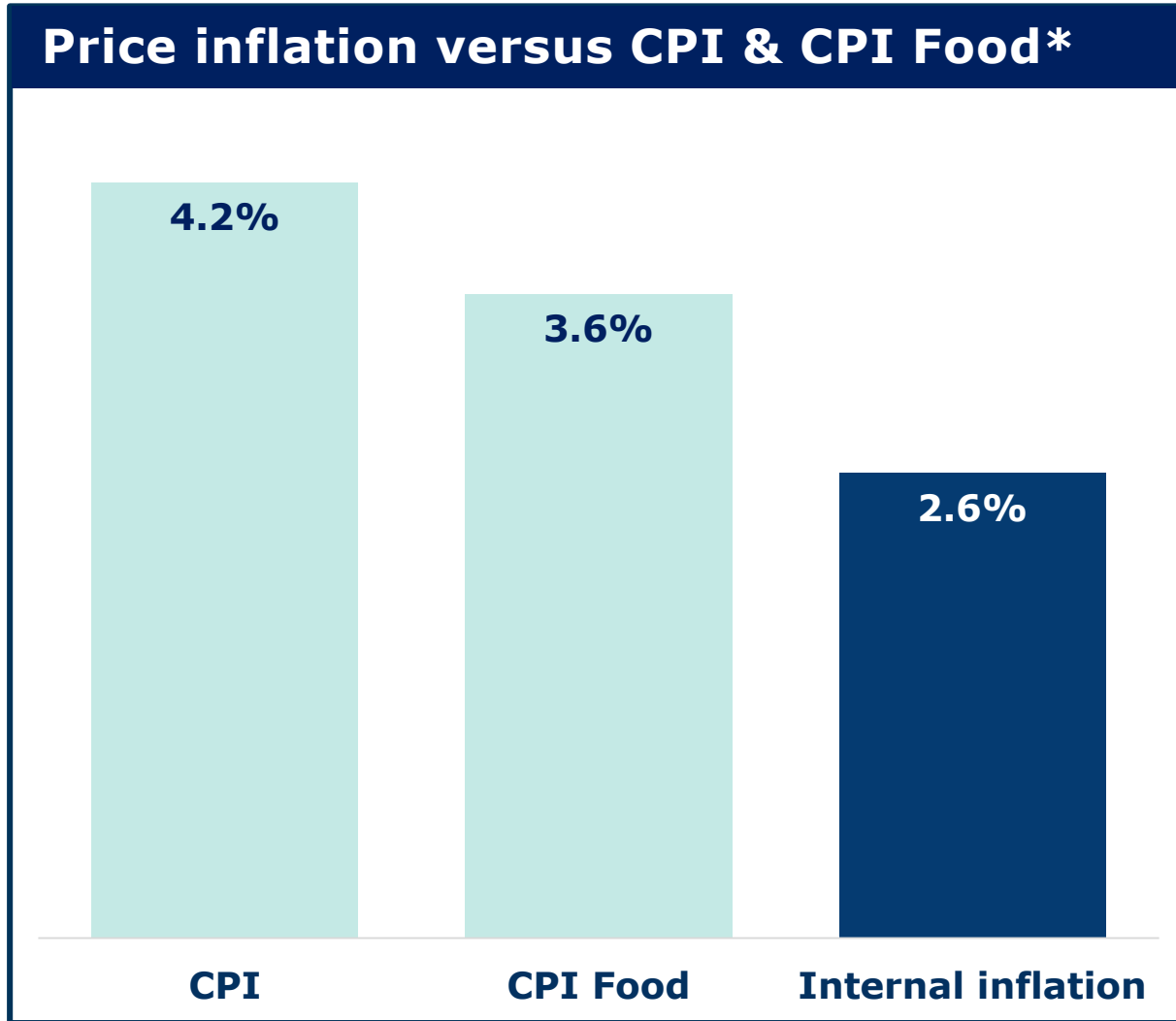
- Turnover growth of 4.7% against a strong base. 2-year CAGR of 6% ahead of the South African retail market
- The strong H2 base, alongside load shedding and supply chain labour disruption in Q4, resulted in a challenging second half
- Greater operating efficiency mitigated operating challenges and escalating cost inflation
- Notwithstanding a tough H2, SA comparable profit before tax up 15.2% for the year, mitigating the pressures in the Rest of Africa
- Comparable Group PBT up 6.5% to 2.1% of turnover
- Comparable HEPS at 278.8 cents in line with last year, with significant impact from tax rate

Solid performance against a strong base

	FY20*	FY19
Group turnover growth	4.7%	7.1%
Like-for-like turnover growth	1.5%	4.8%
SA turnover growth	5.1%	7.4%
SA like-for-like turnover growth	1.9%	5.2%
Internal selling price inflation	2.6%	-0.3%
Volume growth	-1.1%	5.1%
Turnover growth from net new space	3.2%	2.3%
Net new stores	130	110
Customer growth (no of transactions)	2.5%	4.6%
Basket size growth (avg transaction value)	2.4%	2.8%

- SA turnover up 5.1%, with LFL sales growth of 1.9%
- SA sales growth of 3.8% in H2, reflecting:
 - strong base last year
 - supply chain labour disruption impacting availability over festive season
 - difficult trading environment - including sustained load shedding over Q4
- Net new stores added 3.2% to turnover growth - with good growth in new Boxer supermarkets and Pick n Pay clothing stores
- 160 new stores and 30 store closures

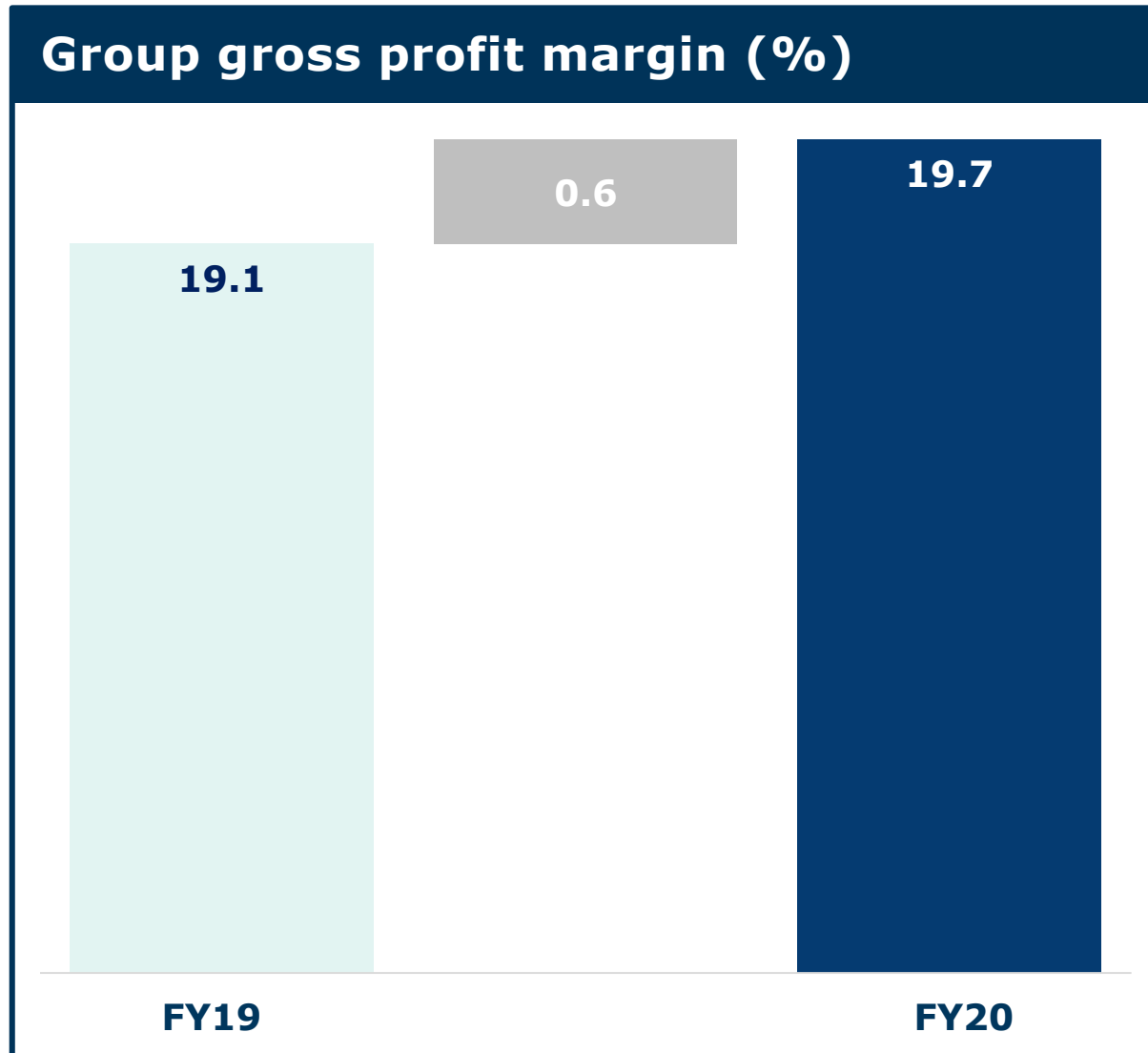
Lower prices, greater value for customers



* Data from Stats SA

- Selling price inflation restricted to 2.6% for the year
 - H1 - 2.2%
 - H2 - 2.8%
- Internal selling price inflation kept below general price and food inflation supported by:
 - better buying
 - range optimisation
 - less waste
 - supply chain efficiency
 - cost discipline

Sustainable gross profit margin improvement



- Consistent execution of Group strategy drives sustainable improvements in gross profit margin across Pick n Pay and Boxer, notwithstanding the margin impact of supply chain disruption in Q4
- Pick n Pay centralised supply close to 80%, with a focus on improving efficiencies through:
 - optimisation of infrastructure
 - store segmentation
 - range optimisation
- Boxer centralised supply now at 45%, with a focus on:
 - accelerating supply through central distribution centres
 - harnessing supplier incentive income
 - cost efficiency through economies of scale

Innovative value-added services key to broader customer offer

Rm	FY20	FY19	% change
Other trading income	1 570.2	1 474.8	6.5
Franchise fee income	398.3	389.9	2.2
Operating lease income	140.7	112.7	24.8
Commissions and other income, including value-added services	1 031.2	972.2	6.1

- Other trading income up 6.5%
- Comparable franchise fee income up 3.6% - excluding the impact of new cellular airtime and data agency agreement
- Operating lease income up 24.8%, reflecting the growth in value-added services and related rentals from in-store kiosks
- Commissions and other income, including all commission and incentive income not directly related to the sale of stock, up 6.1%
- Income from value-added services up 14.2% year-on-year, providing customers with access to:
 - low-cost banking with TymeBank
 - domestic and international money transfers
 - cash deposits at tills with South African banks
 - insurance policies through Hollard

Bearing down on costs

Rm	FY20	FY19	% change	% LFL change
Trading expenses	16 023.9	15 078.6	6.3	4.0
Employee costs	7 368.2	7 102.0	3.7	1.4
Occupancy	2 271.5	2 073.8	9.5	8.2
Operations	3 836.0	3 462.6	10.8	7.1
Merchandising & administration	2 548.2	2 440.2	4.4	1.8

- Trading expense growth of 6.3% (LFL 4.0%) - greater cost discipline restricts the growth in trading expenses to 2.9% in H2
- Employee costs up 3.7% (LFL 1.4%), and up 5.3% excluding the reversal of net incentive costs (LFL 2.9%)
 - strengthened management structures
 - 3-year wage agreement in stores
- Occupancy costs up 9.5% (LFL 8.2%), with increases in rates, insurance and security
- Operations costs up 10.8% (LFL 7.1%):
 - significant cost from load shedding
 - efficiency and lower consumption of energy, water and utilities mitigated cost escalations

Tough trading conditions across Rest of Africa division

Segmental revenue

R4 746m

R4 666m

FY19

FY20

Number of stores

154

Segmental profit*

R211m

R90m

FY19

FY20

- Segmental revenue of R4.7bn, down 1.7% year-on-year, and up 2.8% in constant currency terms
- Segmental profit of R90m, before hyperinflation and related impairments in Zimbabwe, is down 57.3% year-on-year
- TM Supermarkets continues to trade in an exceedingly difficult hyperinflationary environment in Zimbabwe, with income from our associate down 39.2% year-on-year
- Trading environment increasingly constrained in Zambia, with low economic growth, disruptions in power supply and currency weakness
- 6 net new stores across Namibia, Eswatini and Zimbabwe

Resilient business in Zimbabwe

Rm	Equity Investment	Amounts Receivable	Total
At 3 March 2019	184.4	132.9	317.3
Share of TM earnings – excluding hyperinflation	23.1	-	23.1
Forex and hyperinflation	(157.1)	-	(157.1)
Net repayments	-	(92.8)	(92.8)
As at 1 March 2020	50.4	40.1	90.5

- Strong trading performance from TM in a difficult environment - with sustained market share growth
- The fair value of our 49% stake in TM reflects the application of hyperinflation accounting and significant currency devaluation over the period:
 - 3 March 2019: 3.3 ZWL : 1.0 USD
 - 1 March 2020: 30.8 ZWL : 1.0 USD
- Risk of further devaluation limited to R50.4m – the current carrying value of our investment
- Amounts receivable now at R40 million
- 59 supermarkets in Zimbabwe - 24 trading as Pick n Pay

Margin expansion in core South African division

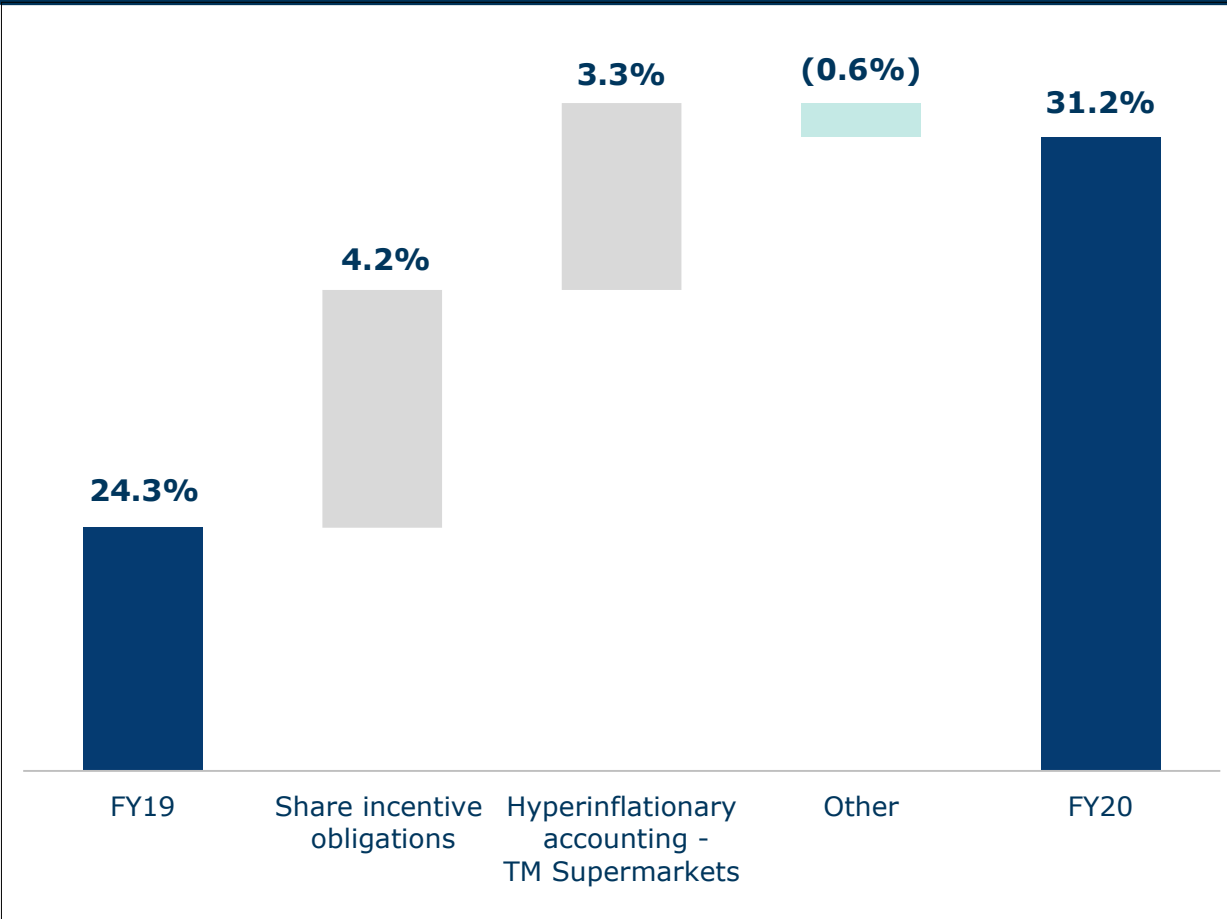
	South Africa	Group
EBITDA growth EBITDA margin improvement	8.4% +0.3%	7.2% +0.2%
EBIT growth EBIT margin improvement	9.7% +0.2%	8.0% +0.1%
Comparable PBT Comparable PBT margin improvement	15.2% +0.2%	6.5% +0.1%

- Group EBITDA up 7.2% to R6.1bn, with margin improvement of 0.2%pts to 6.8% of turnover
- South African EBITDA up 8.4% to R5.9bn, with margin improvement of 0.3%pts to 6.9% of turnover
- Net interest up 2.5%:
 - stability in IFRS 16 lease portfolio
 - net funding interest up 26.0% year-on-year, driven by higher inventory levels and higher borrowings in H2

Excluding capital items & TM supermarkets in Zimbabwe

Earnings pressure from increase in effective tax rate

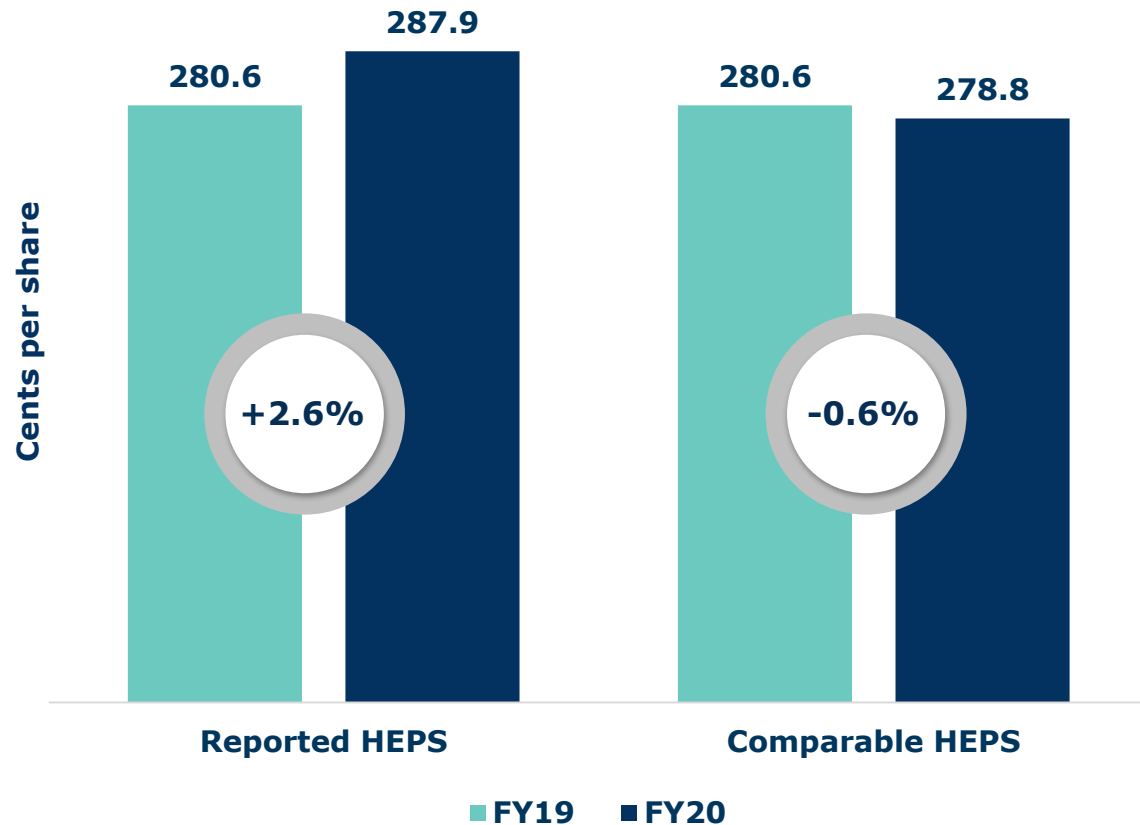
Effective tax rate: year-on-year movement



- Group tax rate increased from 24.3% in FY19 to 31.2% in FY20, driven by:
- Significant reduction in the Group's share scheme obligations:
 - pessimistic investor sentiment across global equity markets
 - lower share price over the year
 - lower share scheme obligations and related deferred tax assets
- Falling earnings in Rest of Africa division
 - hyperinflation in Zimbabwe
 - currency devaluation in Zambia
 - reversal of related deferred tax assets
- Tax rate will remain volatile - and will reflect share price performance
- Tax rate likely to remain over 30% until Rest of Africa performance improves

Comparable HEPS in line with last year

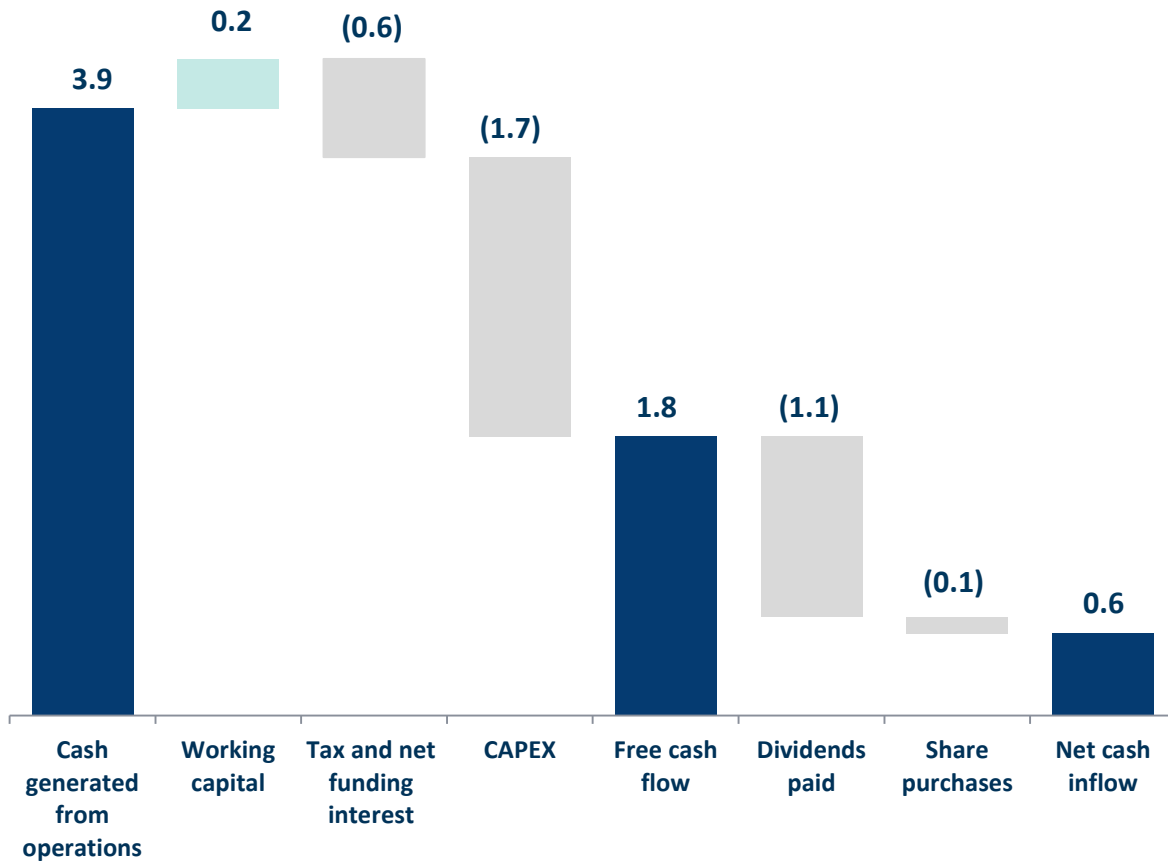
Headline earnings per share*



- Reported EPS reflects hyperinflation and other capital losses this year, against capital profits last year
- Reported HEPS excludes all capital items, but specifically includes the hyperinflation net monetary gain in Zimbabwe
- Comparable HEPS excludes all capital items and excludes the hyperinflation net monetary gain in Zimbabwe - reflecting underlying Group operating performance
- Under normal circumstances the Board would recommend a final dividend of 173.06 cents per share - bringing the total annual dividend to 215.86 cents per share, in line with the FY19 52-week dividend (cover of 1.3 times HEPS)
- The Board will consider a formal dividend declaration once the full impact of the COVID-19 pandemic on the Group's operations, liquidity position and cash resources is reasonably known

Strong free cash flow supported by cost & investment discipline

Cash generation and utilisation - FY20 (Rbn)



- Cash generated from operations of R3.9bn
- Working capital timing benefit from financial calendar cut-off
- Operational challenges and higher inventory balances in H2 increased the Group's net funding position and its net funding costs
- Higher levels of inventory driven by:
 - growing store estate
 - higher levels of centralisation in Boxer
 - strategic investment buys at year-end
- R1.7bn invested in customer facing initiatives
- R1.8bn of free cash flow over the period
- R1.1bn paid to shareholders

Strategic investment in customer experience

Rm	FY20	FY19
Expansion into new stores	545	476
Improving existing stores	874	620
Improving the customer experience	1 419	1 096
Investing in future infrastructure	133	164
Maintaining current infrastructure	165	213
Total capital investment	1 717	1 473

- Our capital investment in new stores and refurbishments aligns with our long-term sustainable growth strategy
- 160 new stores:
 - 80 company-owned stores
 - 77 franchise stores
 - 3 TM Supermarkets
- Closed 30 stores for a net increase of 130 stores
- Total of 1 925 store across formats

Low debt, high liquidity

Rm	52 weeks 1 March 2020	53 weeks 3 March 2019
Cash	1 947.3	1 503.2
Cost-effective overnight borrowings	(2 050.0)	(1 800.0)
Cash and cash equivalents	(102.7)	(296.8)
1 to 3-month borrowings	(935.0)	(1 325.0)
Long-term secured borrowings	-	-
Net funding	(1 037.7)	(1 621.8)
Unutilised facilities	R6.0bn	R4.3bn

- The Group's prudent approach to debt funding positioned it well into the COVID-19 crisis, providing a stable funding platform and necessary liquidity
- The Group has constructively engaged with all its strategic funders, and has drawn down 65% of all available facilities to protect against possible liquidity pressures in financial markets

- Free cash flow supported by:
 - sustained profitability in South Africa
 - greater efficiency
 - effective capital investment programme
- Comparability impacted by calendar cut-off, with FY19 reflecting additional supplier payments in line with our month-end payments cycle
- The Group's comparable net funding position increased over the second half of the year as a result of higher inventory balances
- The Group has no long-term funding and its liquidity position remains strong, with R6.0bn of unutilised facilities at year-end

Summary

- Resilient South African operations deliver in a tough climate
- Consistent sales performance over 2 years, with sustainable gross profit margin expansion
- Challenges in H2 included impact from load-shedding and supply chain labour disruption
- Greater operating efficiency and cost control mitigated cost inflation
- Challenges remain in Rest of Africa - but division remains profitable, with a solid future plan
- Firm opex and capex discipline delivering sustainable investment returns
- Conservative debt and liquidity management supports balance sheet strength
- Strong team and strong plan in tough times



FY20 FINANCIAL RESULTS & COVID-19 UPDATE

Richard Brasher
Chief Executive Officer

Unprecedented times

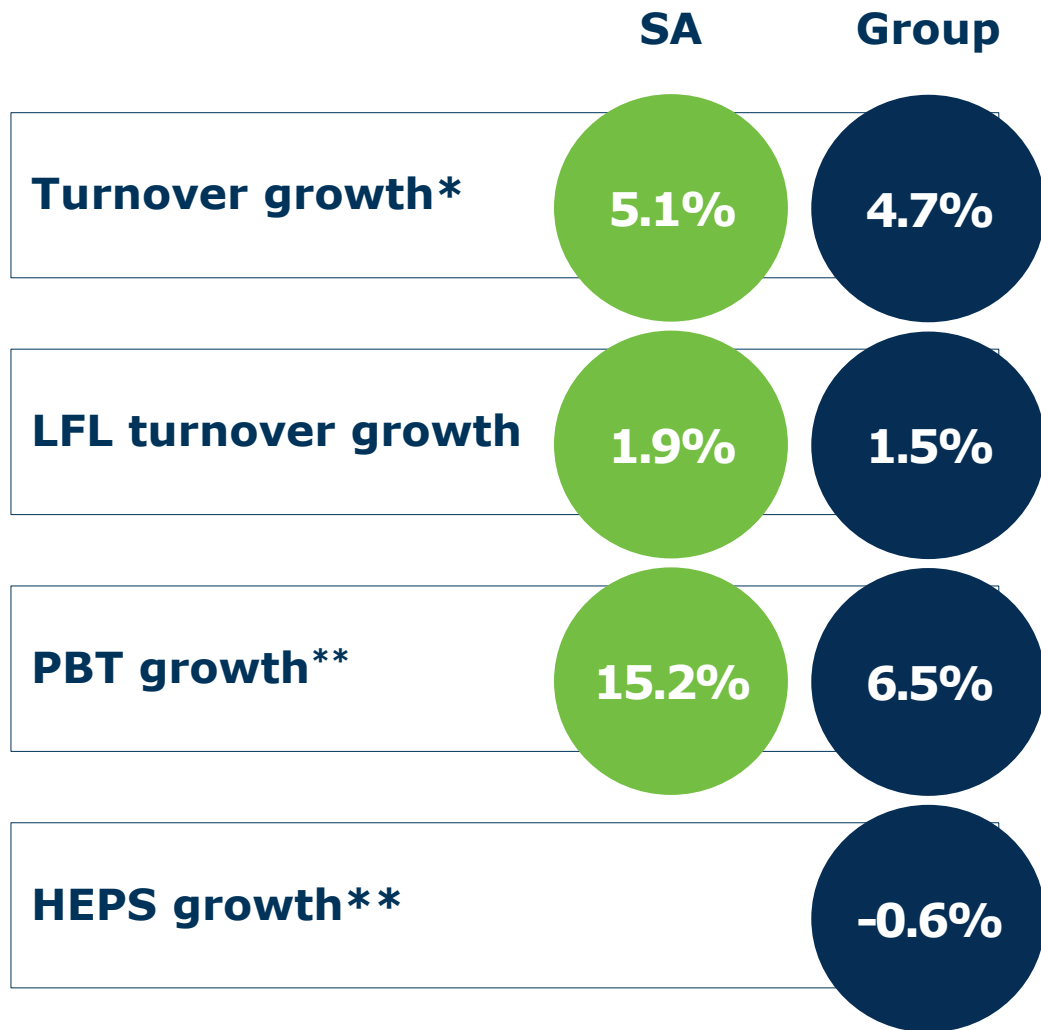


- We are in unprecedented circumstances of the COVID-19 pandemic
- We embrace our responsibility in this crisis to help feed the nation as an essential service provider
- We have divided our Results publication into:
 - A. Our performance in FY20**
 - B. Our actions in response to the COVID-19 outbreak**
 - C. Current trading conditions & outlook**
 - D. Progress on our long-term plan**



**A. Our performance
in FY20**

FY20 Results



- A good result delivered in a very difficult market even before COVID-19
- Turnover growth of 4.7% for the Group & 5.1% in South Africa, delivered against a strong base last year
- South African business provided a strong defence to challenges outside its borders, lifting its comparable profit before tax by 15.2%
- Group earnings impacted by Zambia & Zimbabwe
- Headline earnings declined by 0.6%

* comparable turnover

** comparable (excluding capital items, hyperinflation and impairment losses)

Greater relevance, stronger on fresh



- Reorganised our retail store operations team into customer-focused divisions: Value, Core & Select
- Competitively priced on products that matter most to customers
- Reduced overall range by 10%, and voted #1 for range by customers in TNS customer spotlight survey
- Transformed our fresh offer - upgraded & launched c.1500 lines across fresh produce, bakery, protein and prepared meals
- Redesigned 5 000 own brand products, participation now at 22%
- Won many accolades for quality and innovation this year, including 5 Sunday Times Food Awards

Greater value with Smart Shopper



- Smart Shopper remains SA's best loyalty programme for a 7th consecutive year
- Great discounts offered to Smart Shopper customers through smart price promotions
- Over R4bn in personalised vouchers issued to customers, with a redemption growth rate of over 50%
- TymeBank customers earn double points on their purchases at Pick n Pay
- Smart Shopper points can now be spent at BP garages
- New partnerships launched with Kauai, Steers & Wimpy

Ongoing innovation in value-added services



- Income from value-added services up 14%
- Over 1.2 million TymeBank accounts opened in Pick n Pay and Boxer stores – one of the fastest growing digital banks in the world
- First retailer in South Africa to offer deposits at till points with FNB, Investec & Discovery
- Sold 8 000 insurance policies in partnership with Hollard
- 4.6 million domestic & cross-border money transfers
- Online delivered an overall sales growth of 17%

Delivering modern convenience, with a wider reach



- Group now has 1 925 stores across all formats, including 774 franchise stores
- Opened 160 new stores, 80 company-owned stores, 77 franchises & 3 TM stores
- Closed 30 underperforming stores
- 4 Franchise to Boxer store conversions
- Strong performance from our first “compact Hyper” – conversion from a big supermarket store
- Strong performance from clothing and liquor

Boxer continues to offer great value & service



- Strong LFL basket growth driven by unbeatable prices and strong promotional package
- Strong retail market share growth in maize, sugar, oil, chicken & maas
- Boxer opened 12 supermarkets and 15 liquor stores
- Significant growth in own brand products with a sales uplift of more than 30%
- 87% of the Boxer supermarket estate is now in its new generation format
- Significant expansion of DC operations, including the relocation of KZN DC into a larger facility and the opening of a new depot in Polokwane (Sept 2020)

Resilience outside South Africa

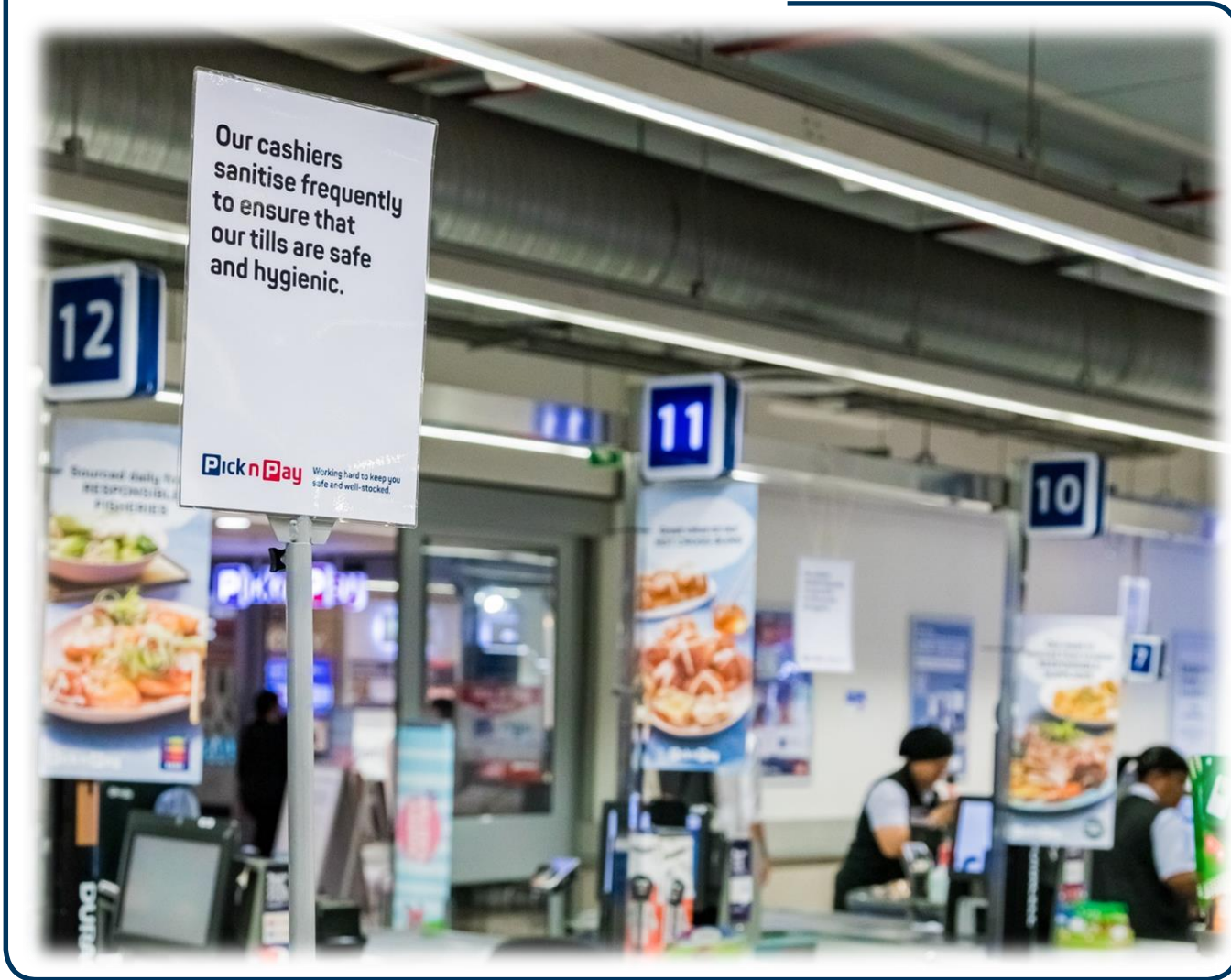


Trading environment increasingly constrained in Zambia and Zimbabwe with:

- continued currency devaluations
- escalating dollar rentals
- extraordinary electricity price increases
- continued electricity grid failures leading to increased fuel costs for generators
- hyperinflation

Despite challenges, we continue to serve customers well

Proud of the team for delivering a profit in an incredibly tough, challenging and uncertain environment



B. ACTIONS IN RESPONSE TO COVID-19 OUTBREAK

OUR RESPONSE TO COVID-19

STAY OPEN
STAY SAFE
STAY FULL
STAY WORKING



- First confirmed case in South Africa on 5 March – just after close of our FY20 financial year
- President Ramaphosa declared a State of Disaster on 15th March, a nationwide lockdown from 27th March 2020, and the movement to Level 4 from the 1st of May
- Our teams have a crucial role to play in this crisis
- In the unprecedented conditions, our teams have been performing an essential service in ensuring the distribution and supply of food and basic goods
- Proud of our response across Pick n Pay and Boxer, in company-owned and franchise stores, in SA and beyond
- We are clear on our responsibility to Feed the Nation
- To achieve this we focus on four objectives: Stay Safe, Stay Open, Stay Full, and Stay Working

STAY SAFE



Protecting colleagues and customers through rigorous hygiene and effective social distancing

- Communicating and reinforcing the importance of personal hygiene, in particular hand-washing
- Strengthened cleaning & sanitising regimes in stores and offices
- Provided front-line employees with cloth facemasks
- Perspex screens at checkouts
- Effective protocol for staff who are sick
- Various measures implemented to ensure social distancing inside and outside stores

STAY OPEN



Exclusive shopping hour for over 65's.

7-8am every Wednesday

Available at any Pick n Pay Supermarket and Hypermarket (ID will be required)

Pick n Pay

Maintaining public confidence at a time of great uncertainty by keeping our stores open

- Registration as an essential service provider to operate throughout the nationwide lockdown
- Liaised with government on solutions to disruptions to public transport, and where necessary providing our own transport for colleagues
- Working with government to ensure clarity on “basic goods permitted for sale”
- First retailer in South Africa to introduce a dedicated shopping hour for the over-65s
- Introduced measures to make shopping easier for healthcare workers

STAY FULL



Keeping our stores well-stocked with food and groceries throughout the crisis

- Working closely with our supplier base to ensure steady production and distribution of key products
- Locally sourcing over 90% of what we sell – a resilient supply chain
- Encouraging customers not to buy more than needed
- Introduced purchase quantity limits on items in high demand, such as hygiene products
- We will never increase the price of products due to high demand

STAY WORKING



Minimise the impact of the pandemic on our colleagues and our essential functions

- Hygiene, social distancing, and sickness protocols all designed to reduce spread of infection
- Most office staff are working from home, replacing physical meetings with online meetings
- Implemented social distancing measures for staff still working in the office, such as reorganising workspaces
- Contingency plans in place to operate with fewer staff in stores and offices during the outbreak if needed
- Local and international work-related travel stopped prior to lockdown
- Actively safeguarding our financial robustness, liquidity and management of risk

Worst of times can bring out the best in people - rewarding colleagues & supporting communities



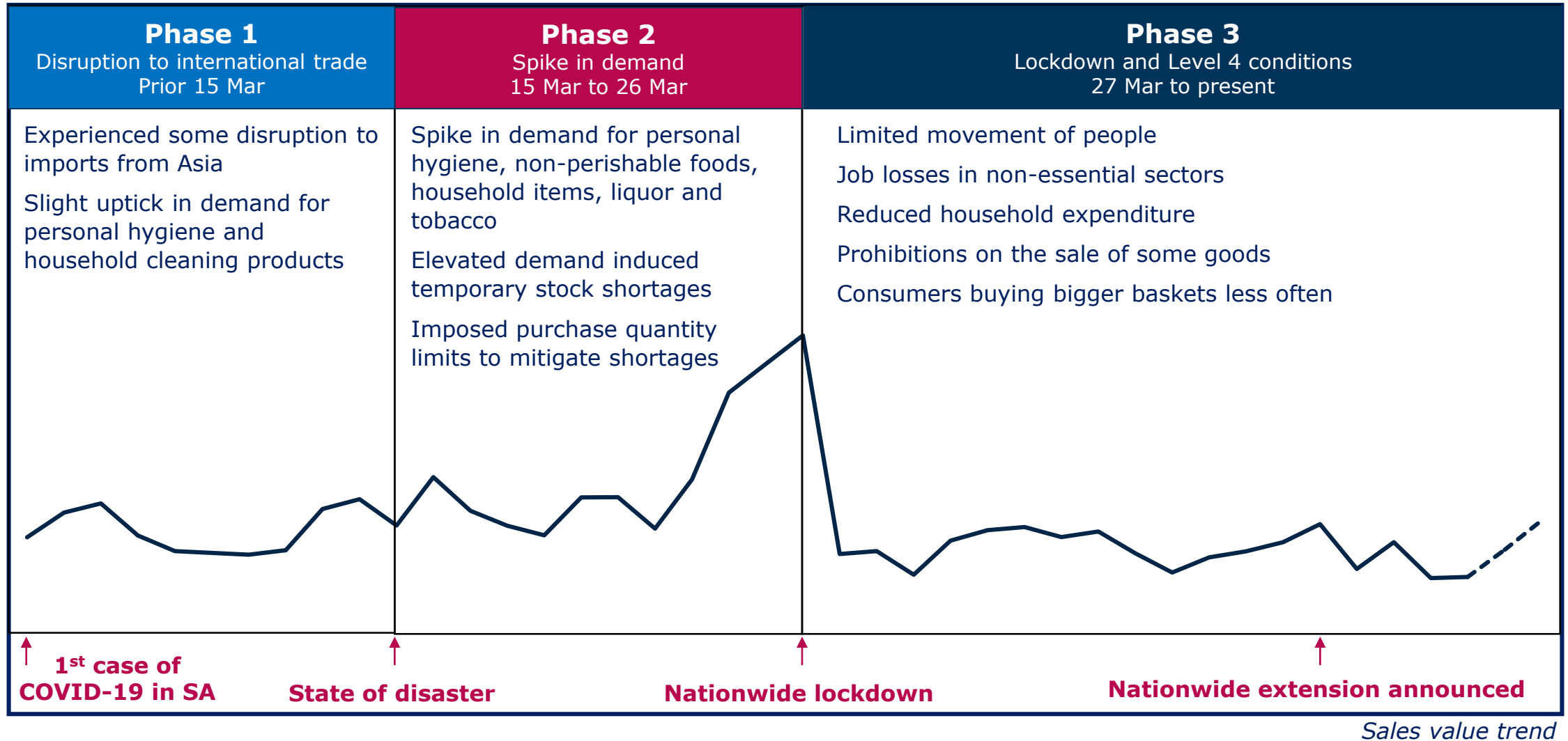
- Entrepreneurial **innovations** have **dramatically increased**
 - 85% of head office staff now working from home
 - Created an on demand app in partnership with Bottles in the space of 5 days
 - Selected franchise stores, introduced 'drive-thru shopping'
- **Launched Feed the Nation campaign** in partnership with a number of charities to support vulnerable communities across the country during lockdown
- Frontline staff were **awarded a special bonus** of R1000 as a thanks for the incredible work being done

Pick n Play



C. CURRENT TRADING CONDITIONS & OUTLOOK

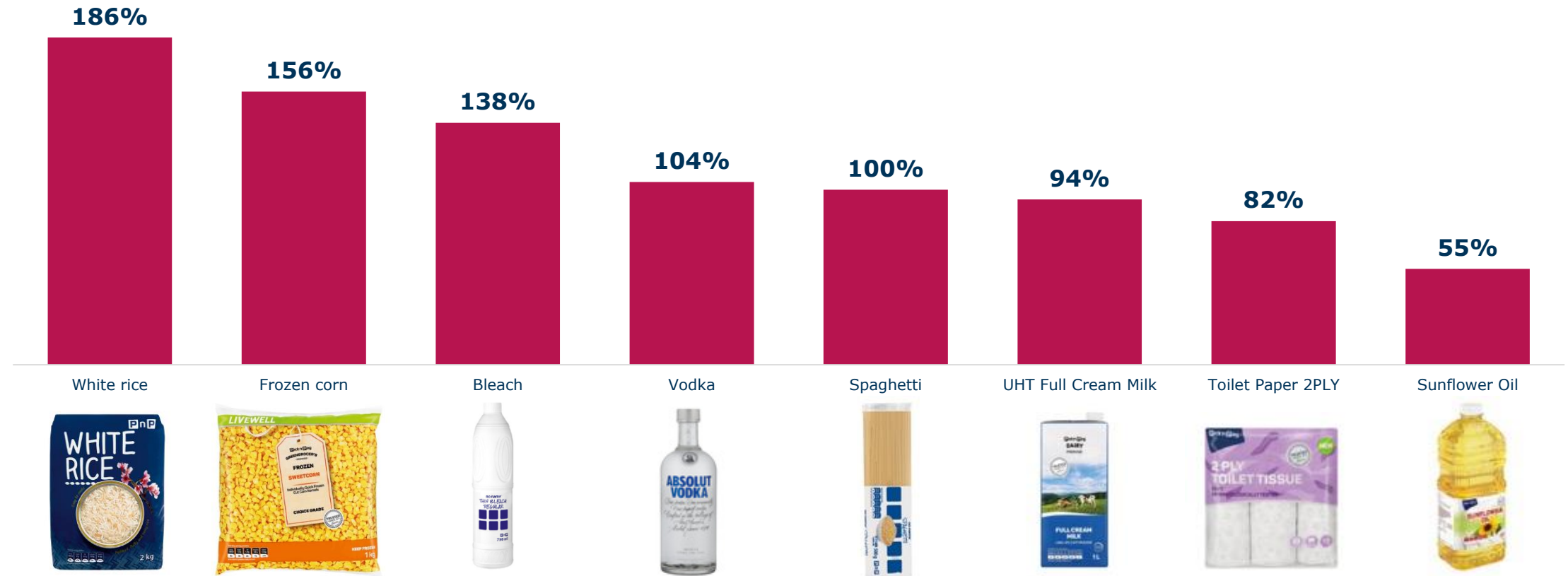
Current trading impacted by COVID-19



Consumers stockpiled on essentials

Customers stockpiled on groceries, household items and alcohol leading into lockdown

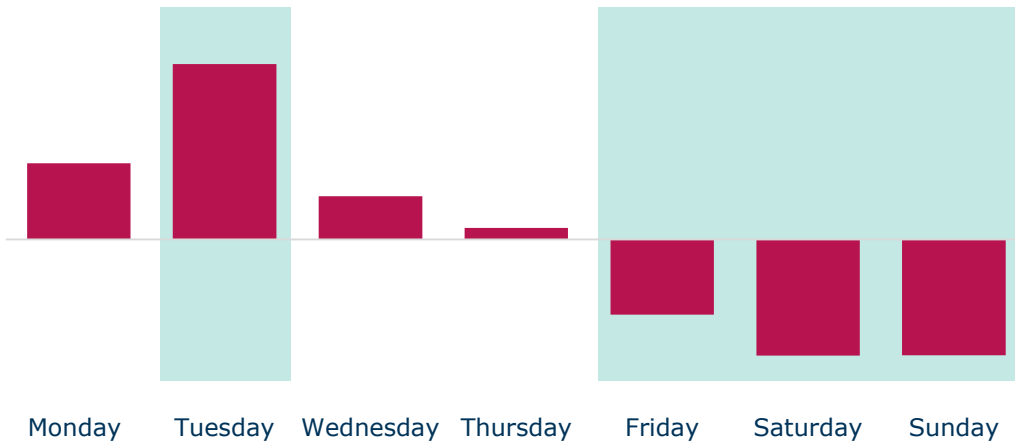
Sales Volume Growth



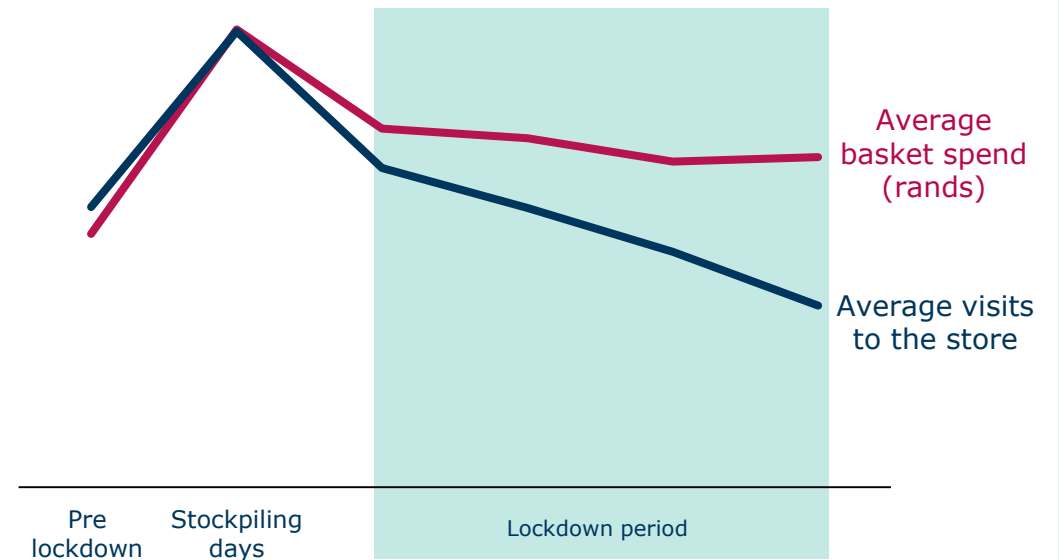
Customer behaviour shifted during lockdown

During lockdown customers are spending more on Tuesdays & less over the weekend

Variance in % spend: lockdown vs typical week



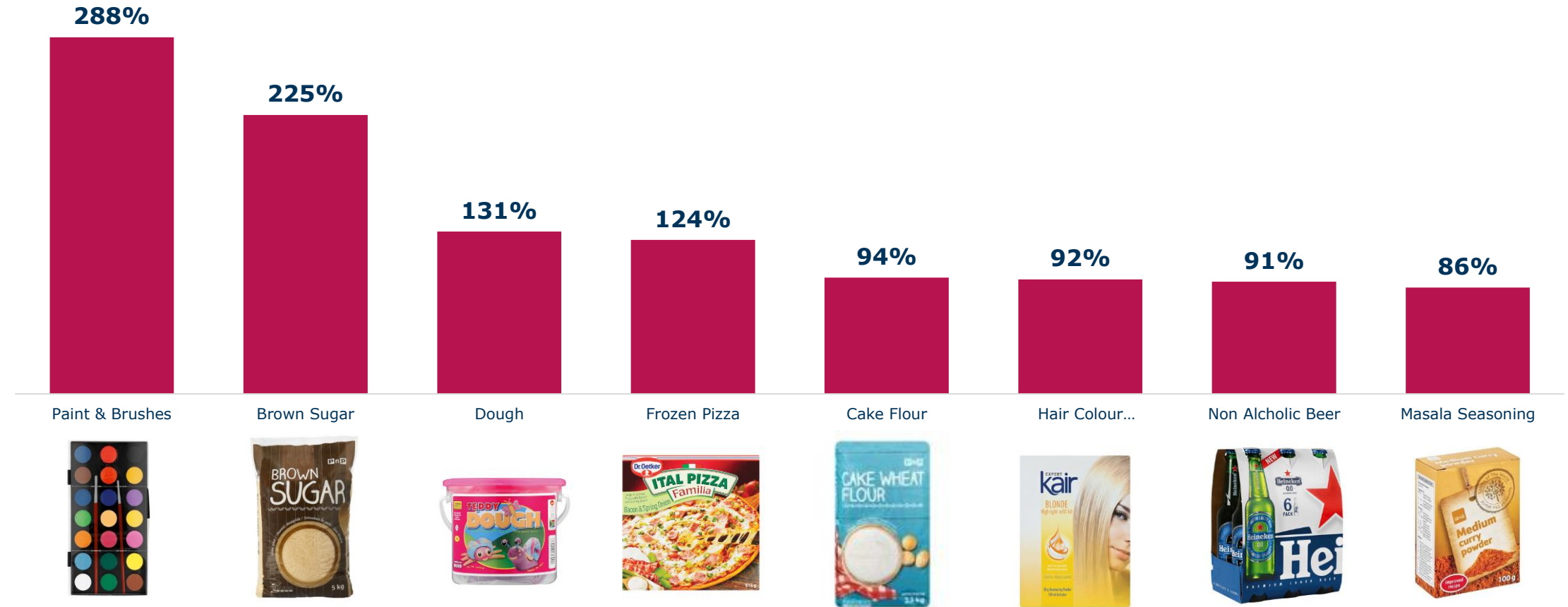
Shoppers are visiting stores less often but buying more per visit



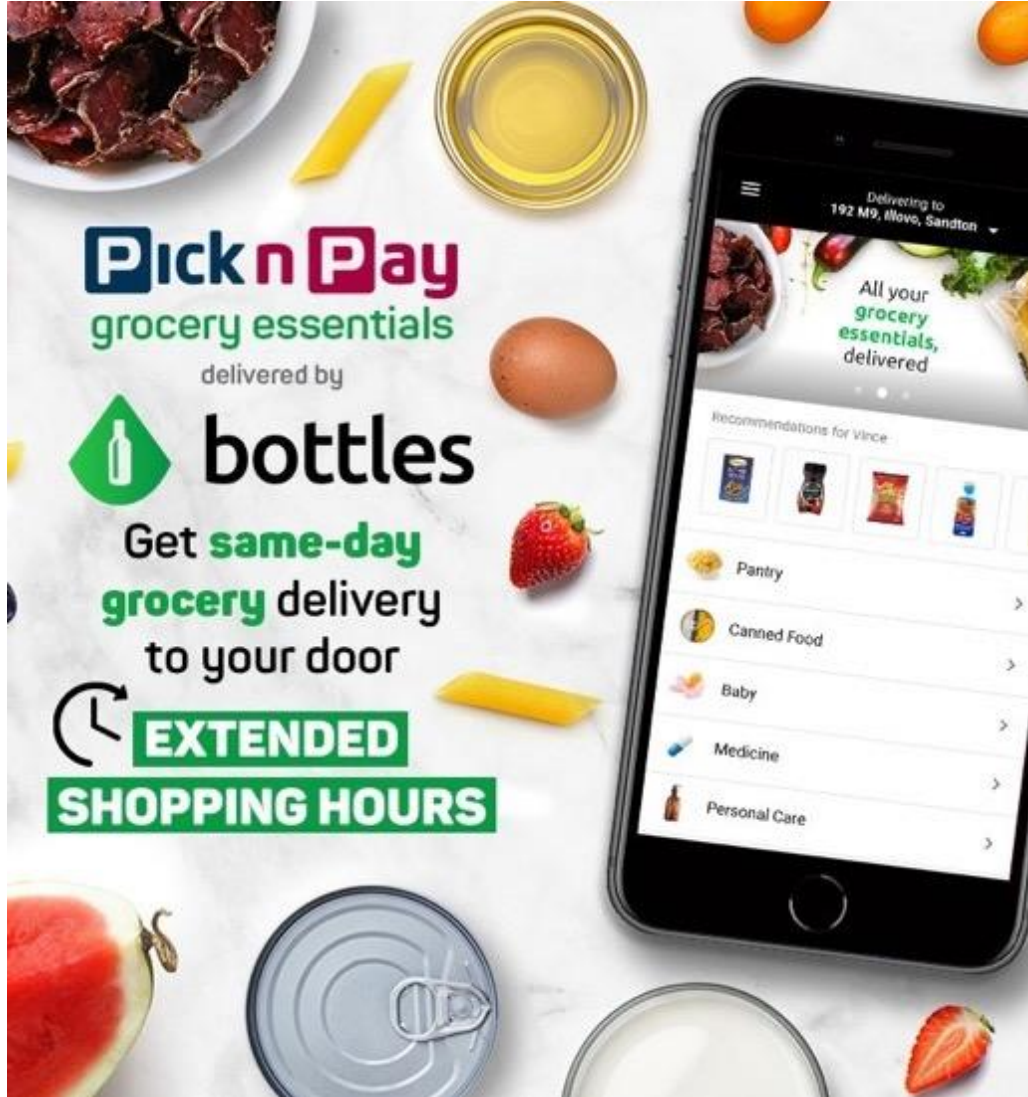
Customer behaviour shifted during lockdown

Surge in demand for baking & luxury goods during lockdown

Sales Volume Growth



Demand for grocery home deliveries increased



Since the declaration of a national state of emergency:

- More than **144,000 new customers** registered online – this is 8x more registrations than the previous year
- **200% increase in active transacting customers**
- **1 000% growth in first time customers** vs last year
- Our dedicated online facilities and in-store click & collect platforms **delivered a growth of over 150%**
- Resultant **turnover growth was over 100%** year-on-year

Impact on margin

The COVID-19 crisis is likely to put pressure on margin and profitability due to:

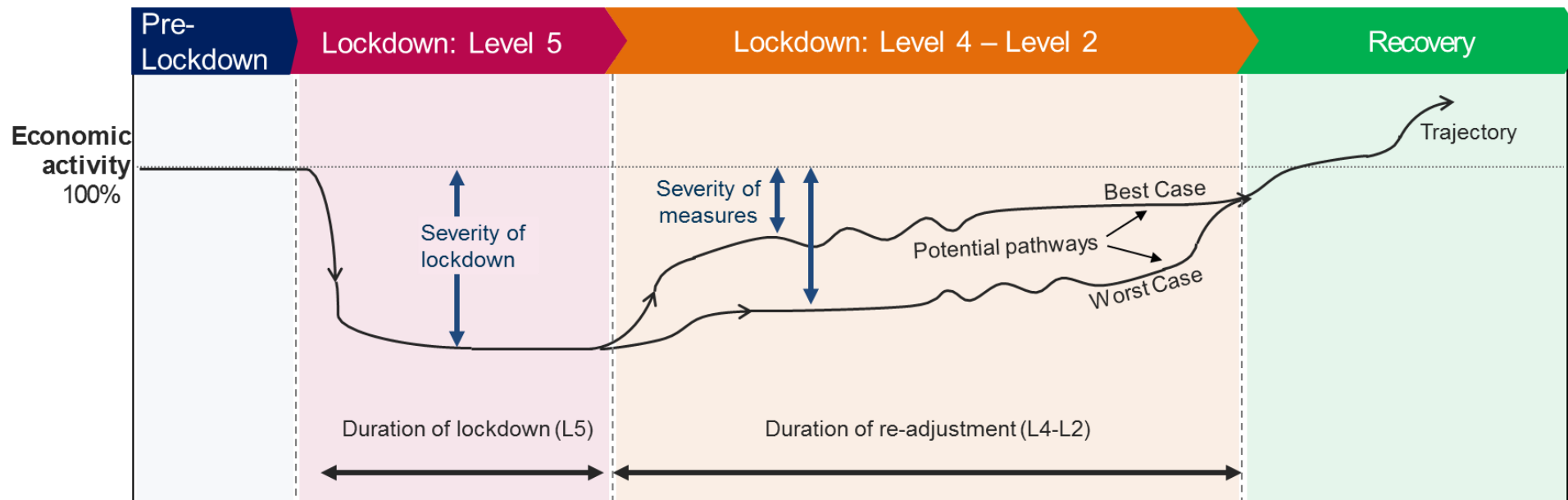
- An inability during the lockdown to trade in key categories, including liquor, tobacco, clothing and most general merchandise lines
- These categories make up around 20% of our revenues, and have relatively high margins compared with basic food and grocery lines
- A general reduction in overall consumer and trading activity, as summarised above
- Additional costs, arising from extra hygiene and social distancing measures which are essential in protecting colleagues and customers, and the cost of providing appreciation bonuses to front-line colleagues for their work during the nationwide lockdown

Impact on liquidity

- The Group has followed a prudent gearing strategy, financing growth through internally generated cash flow, and focusing its capital investment on lower-risk domestic opportunities
- We have no long-term structured debt, and have actively managed its working capital needs through short-term cost effective facilities
- We are well-positioned for the crisis, with a stable funding platform and necessary liquidity
- We have constructively engaged with all strategic funders, and have drawn-down R4.8 billion, or 65%, of available facilities to protect ourselves against possible liquidity pressures in the market
- The Group remains committed to paying all suppliers and service providers in line with agreed terms
- Working closely with landlords to ensure wherever possible that rental reflects current trading restrictions

Overall economic outlook

- Impossible to predict eventual trajectory and impact of COVID-19 outbreak
- Various factors currently unknown, including severity and duration of the outbreak, and speed of transition through the government's risk-adjusted strategy
- Best case would see a relatively controlled outbreak and a timely return to close to full economic activity
- A longer outbreak, with a slower transition out of Levels 5/4, would mean a more severe economic contraction
- Annual real GDP forecasts for South Africa currently range from around -5% to -9%



Potential impact on PnP

- Taking into account the various uncertainties, our view currently is that:
 - Consumption of food and non-alcoholic beverages will be fairly robust, although any growth will be limited by the pressure on incomes and spending
 - Sales in more discretionary sectors are likely to be more substantively impacted depending on the duration of the crisis
 - The performance of categories such as alcohol, tobacco, and some general merchandise products will depend crucially on the duration of the current prohibition on sales, and any recovery when sales are permitted again
- The impact on profitability will derive not only from a general reduction in sales, but from any disproportionate impact on higher margin sectors such as alcohol, general merchandise and clothing

REAL GROWTH MARKET FORECAST IN 2020 ACROSS 3 SCENARIOS

Private consumption across subset of market sectors	Best case	Base case	Worst case
Food and non-alcoholic beverages	↑	↑	↔
Alcohol and tobacco	↓	↓↓	↓↓
Clothing and footwear	↔	↓↓	↓↓
Furnishings, household equipment	↓	↓↓	↓↓

Long-term impacts of COVID-19 on customer behaviour?

What has changed?

- More remote working and eating at home
- Reversal of trend towards more frequent shopping and shopping across many retailers. Customers will shop less frequently for bigger baskets, especially in Core and Select
- Shift in interest across categories and brands – an opportunity for private label
- Accelerated growth of online and click & collect
- Even more time spent online and on social media – becoming the key advertising channels

What has stayed the same?

- Households under severe economic pressure
- Price and value remain primary drivers of choice
- Availability and quality of core range of products (including fresh) is key to competitiveness
- Convenience offered by smaller stores close to home remains a driver of choice
- Spend on discretionary items remains under pressure

What do these trends mean for our company in the future?



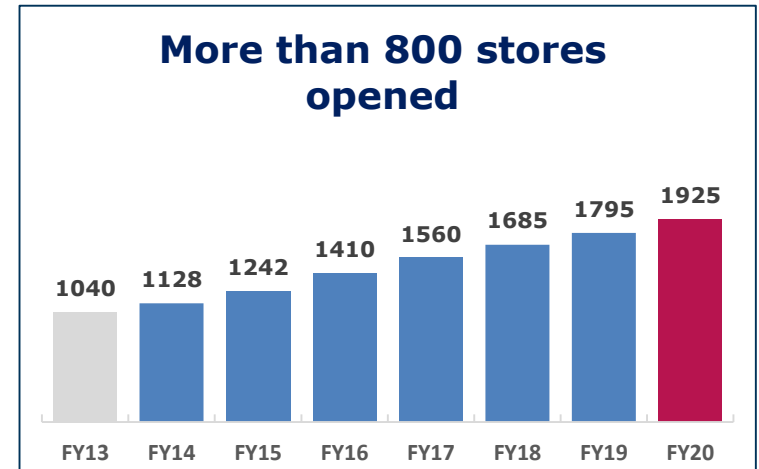
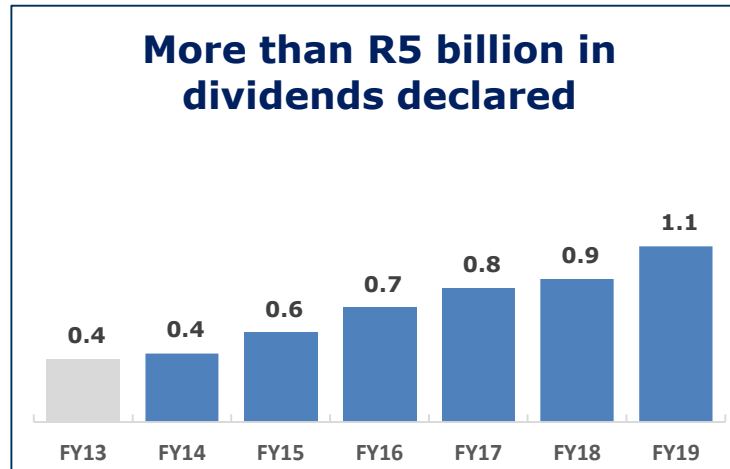
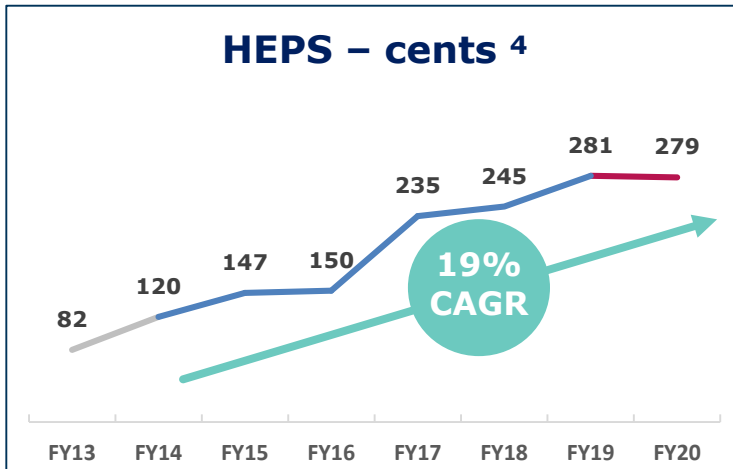
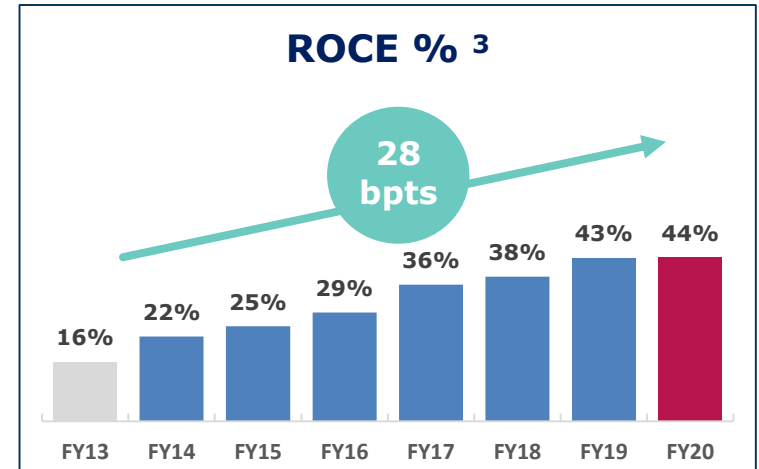
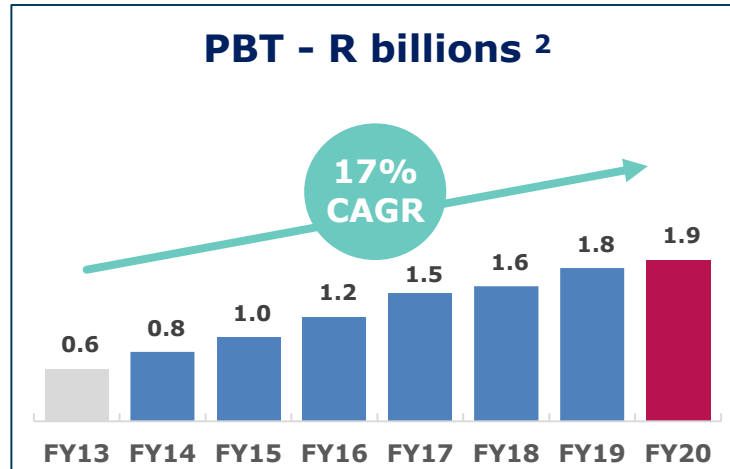
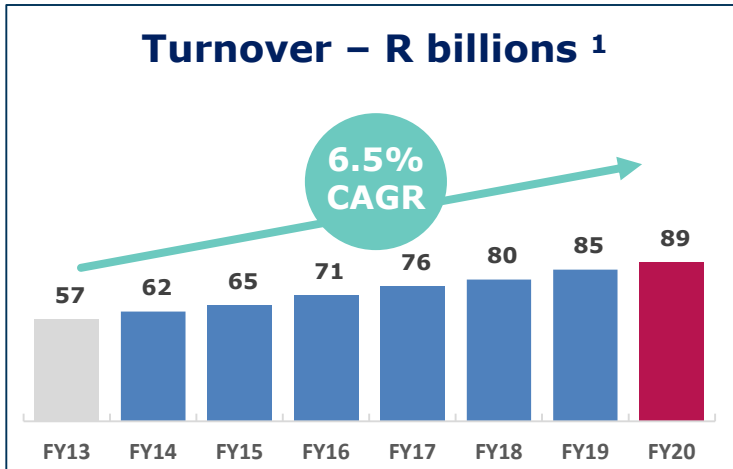
Evolving our offer

- Tighter, more relevant range, offering excellent value
- Differentiated more prominent private label
- Greater focus on at-home dining
- Smaller formats – all under one roof and close to home
- Bigger in online and value-added services

Evolving our operations

- Smaller and more nimble office
- Greater operating flexibility and efficiency
- Simplified and more robust supply chain
- Broader use of technology
- Stronger presence on social media

Consistent execution of our plan has delivered 7 years of growth



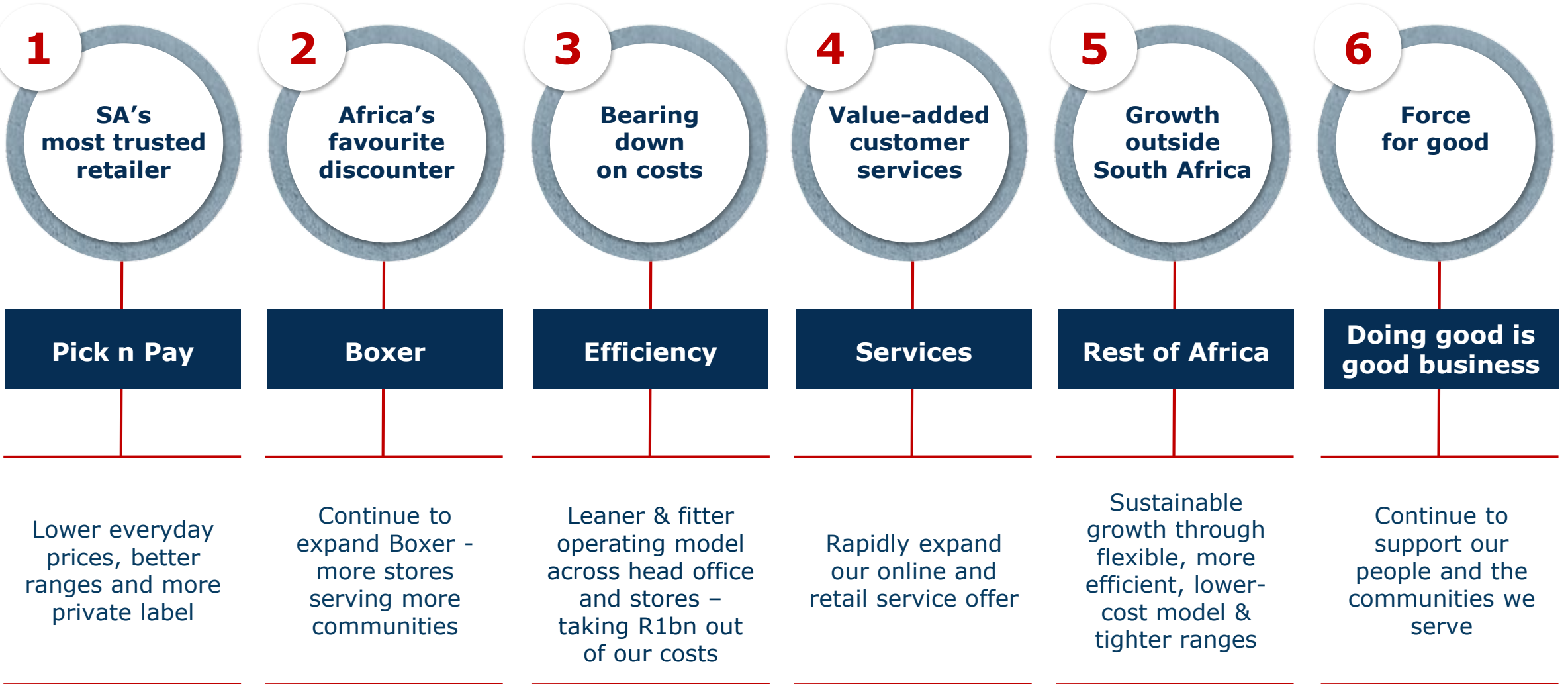
¹ comparable turnover

² excluding capital items, hyperinflation and IFRS 16 forex

³ headline earnings on capital employed excluding IFRS 16 lease liabilities

⁴ comparable HEPS (excluding net monetary gains)

Group's priorities built around 6 pillars of growth



A programme for action

To accelerate progress towards delivering these objectives, the Group launched an internal change programme, Project Future, in January this year with the objective of:

- A reduction of **R1 billion over two years** in the costs of the Pick n Pay business. This will be delivered by cost reductions across the company, including reducing waste, increasing efficiencies and being more effective in our use of resources including people, property and energy
- A **simpler and more effective organisation**. The company is modernising its ways of working, including the structure and organisation of our head office teams, our meeting and decision-making processes, and our use of information and other technologies



Summary



- Thank you to all our unsung heroes for your essential work in feeding the nation
- In uncertain times, customers can be certain that Pick n Pay and Boxer will be there for you
- We are an immeasurably stronger business and are ready for the challenging months ahead
- We will succeed. We will look back with pride, remembering not just the size of the challenge, but how we stepped up, gave our very best, and won through in the end



TECHNICAL APPENDIX

Technical accounting and reporting considerations

	FY20	FY19
Financial calendar	52 weeks to 1 March 2020	53 weeks to 3 March 2019 Prior year numbers are provided on a comparable 52-week basis
IAS 29: Hyperinflation accounting	Hyperinflation accounting for TM Supermarkets (Zimbabwe) introduced in H1 of FY20	No Hyperinflation accounting
IFRS 16: Leases	IFRS 16: Leases adopted on a full retrospective basis in FY20	FY19 result restated for IFRS 16: Leases
IFRS 15: Revenue	Airtime and data sales now on an agency basis Sales and related purchases previously recognised in turnover and cost of sales now recognised in other income	Prior year sales and purchases of airtime and data presented on a comparable basis in other income

Covid-19 had no impact on FY20 earnings - but is a significant post balance sheet event

Currency devaluation and hyperinflation in Zimbabwe

Rm	FY 20	FY 19	% change
Group's share of TM's earnings	23.1	109.0	
TM trading result	102.5	151.1	
Forex losses on translation of foreign debt	(79.4)	(42.1)	
Hyperinflation - net monetary gain	43.2	-	
Share of associate's income	66.3	109.0	-39.2%
Hyperinflation - impairment of investment in associate	(173.6)	-	
TM impact on Group PBT	(107.3)	109.0	-198.4%

- Group's share of TM trading result is R102.5m, excluding forex losses and the provisions of IAS 29 Hyperinflation accounting
- Forex losses on translation of TM's foreign debt reduced our earnings by R79.4m
- Hyperinflation net monetary gain of R43.2m on the re-measurement of TM's assets to reflect the current purchasing power of the Zimbabwe dollar
- Hyperinflation assets were tested for impairment – resulting in a R173.6m capital impairment loss
- Comparable HEPS excludes the impact of hyperinflation gains and related impairments