

PEPCO
Group



Pepco Group Store Opening Seminar

9th March 2022



Andy Bond, CEO

Joined the Group at 2012, before jointly setting up Pepkor Europe as a founder investor in 2015 and becoming Chief Executive. Andy had an extensive retail career, primarily focused in the discount sector, having been COO and then CEO of Asda.



Trevor Masters, COO

Interim Group CEO from 1 April. Joined the Group in 2019. Trevor has 40 years' experience within the retail sector, both within the UK and internationally, with significant executive experience having served as the CEO of Tesco International.



Nick Wharton, CFO

Joined the Group as Group CFO in 2018. Nick has 25 years' experience within the retail sector, both within the UK and internationally, having served as the CFO at each of Superdry PLC and Halfords Group PLC, and CEO of Dunelm Group PLC.

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Strategy

- Total store growth potential in next 10 years ~20,100.
- Strong confidence in delivering €1bn IPO EBITDA opportunity
- Key strategic levers accelerating, notably store growth and store renewals
- Acceleration in quarterly store openings over the past 12 months
- W. Europe a growing and important additional growth pillar
- Store economics of the group range from good to great

2

Trading

- Remain confident in achieving FY22 growth guidance subject to any significant sales disruption arising from Ukraine contagion

PEPCO
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High Quality Infrastructure & Colleagues

Enables

2

Stores Driving Growth

3

Proposition renewal

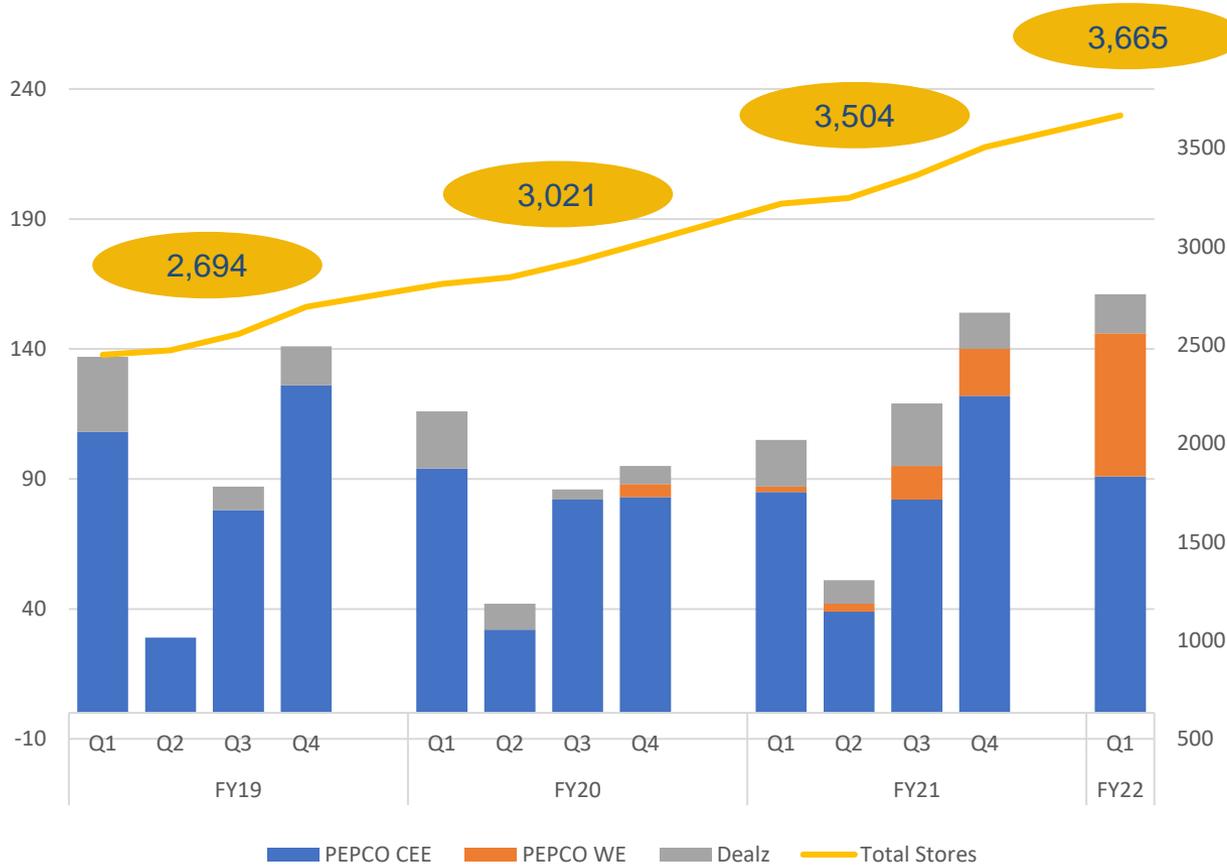
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Reducing Cost of Operations

Today's Main Focus

Store openings accelerating by quarter

Store Openings By Quarter Split By Type



Commentary

Higher store openings in each consecutive year

Significant increase in Q1 FY22 WE store openings

Consistent roll-out of Dealz and PEPCO throughout the last 3 years

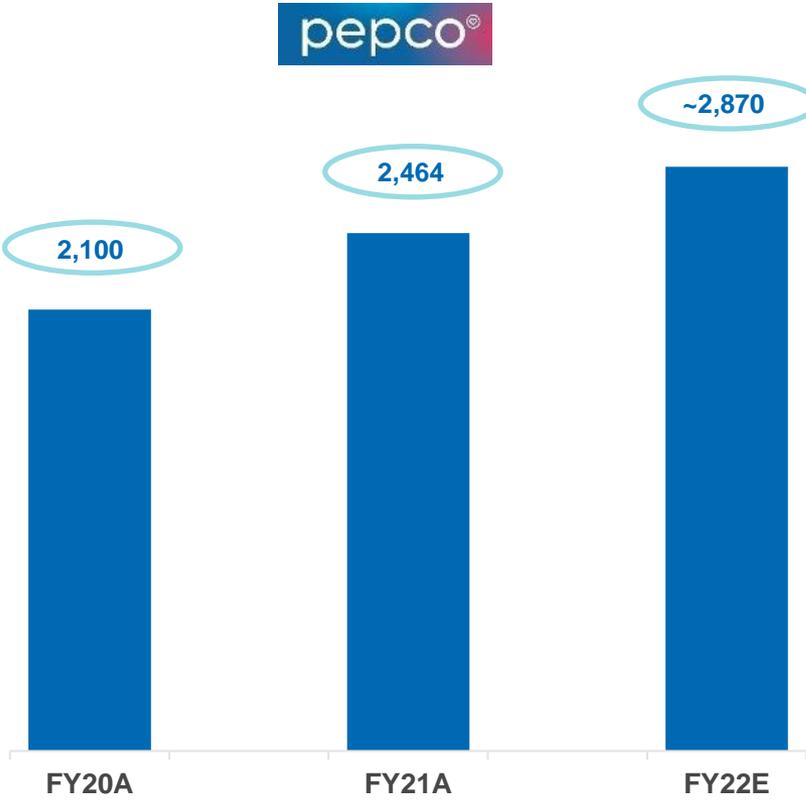
● Total closing stores



Over 60% of planned PEPCO full year store openings confirmed on a rolling 12M, with a further 28% in lease negotiations

Total PEPCO Stores By Year

Commentary

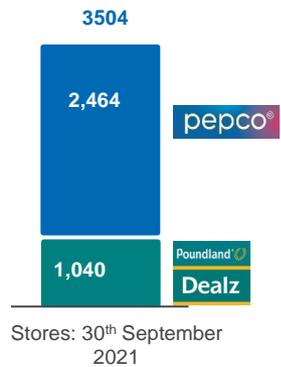


High certainty on store opening progress with at least 400 stores in FY22

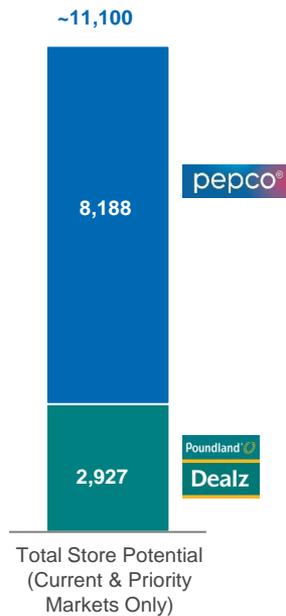
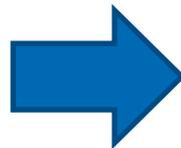
Restructured team & country level confidence driving accelerated openings

PEPCO Total Stores number

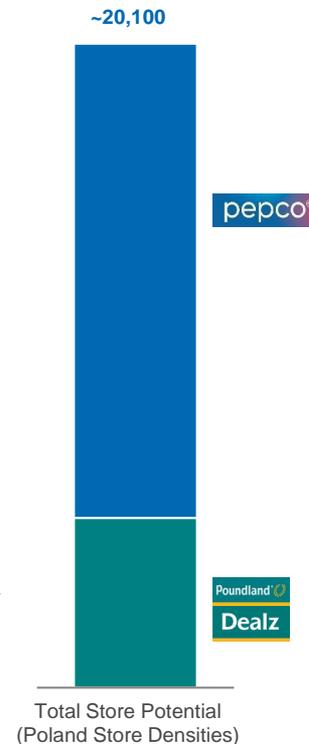
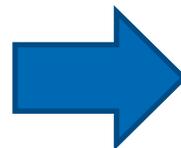
At the IPO we identified 11,100 store opportunities in target countries, with increasing confidence and store density we believe that is now ~20,000+



TODAY



IPO TARGET

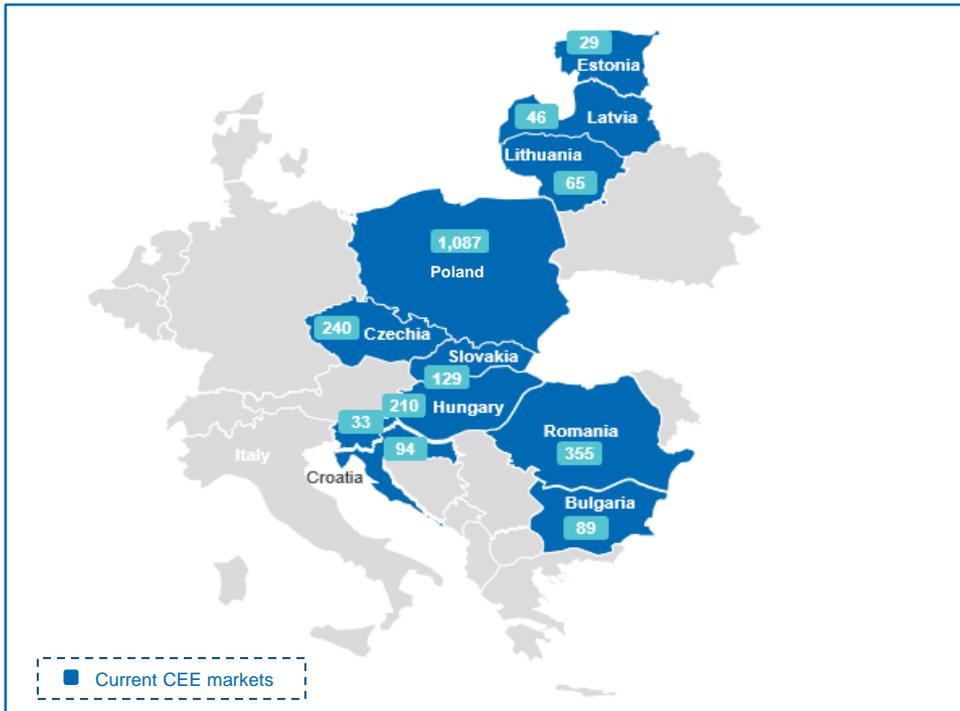


STORE POTENTIAL

Europe population similar to US where leading discount player has ~16k current stores with a ~30k long term target

Source: Company information, OC&C analysis.
¹ Catchment opportunities validated by OC&C except PEPCO (Spain & Italy), Poundland and Dealz (ROI) – Management Estimate.

Significant store opportunities remain in core CEE markets



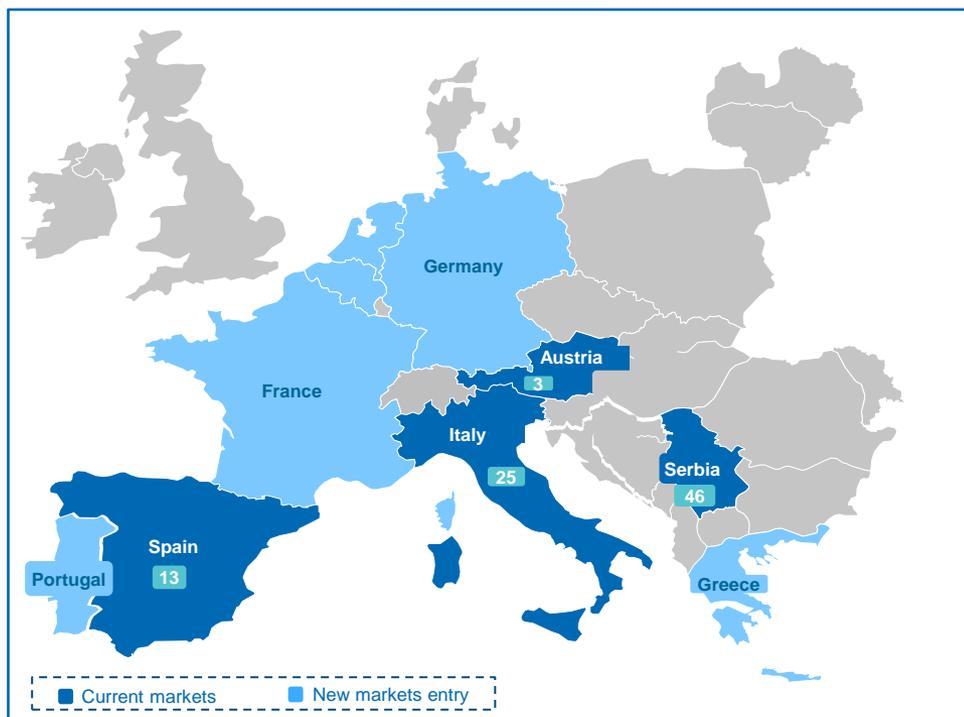
- High delivery certainty for >1,000 new stores in CEE
- Trials to test enhanced store density

- Significant runway remains in key markets:
- Poland (~ 200 potential stores)
 - Romania (~150 potential stores)
 - Hungary (~100 potential stores)

- Adjacent market opportunities: Montenegro, Bosnia, Moldova, Albania and North Macedonia (~50 potential new stores p.a. / 300+ total)

- ✓ Proven capability to open 300+ PEPCO stores per annum with Dealz capability for further 100 stores per annum in CEE in the short term
- ✓ 1,000 new stores conservatively remain, trials to increase store density underway

Western Europe presents significant opportunities given consumer scale and expenditure



• Germany population: ~84 million, (similar to current Western European operating territories combined) – **first stores opening in Germany summer 2022.**

• Western Europe and Serbia: positive trading performance since initial openings. New store opportunity: ~2,250.

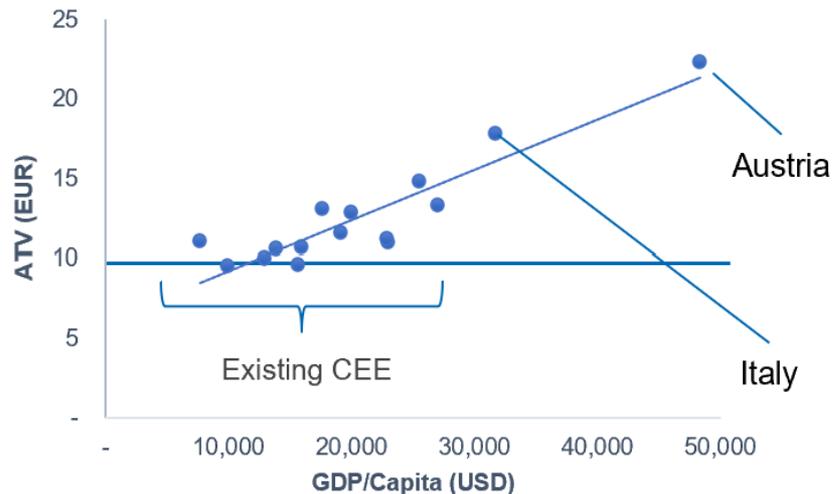
• Significant untapped markets in France, Greece, Portugal

• Stable and sizeable offline retail sales amounting to ~€2.5tr in 2019, 20% discount penetration and growing

- ✓ Sizeable Apparel & GM and Grocery markets with even further penetration increase potential than CEE
- ✓ 420+ million people with a polarisation between high and stable disposable income levels and low disposable income – both of whom seek value

Sales increases in WEU driven by ATV growth that is linked to GDP

GDP per Capita and PEPCO Store ATV Correlation by Country



Italy: Most 'Mature' WEU Territory

Transactions in line with chain
c.3,000per week

Average basket significantly higher
~85% higher

Resulting in cash EBITDA ~40%higher

Need to build brand in new markets

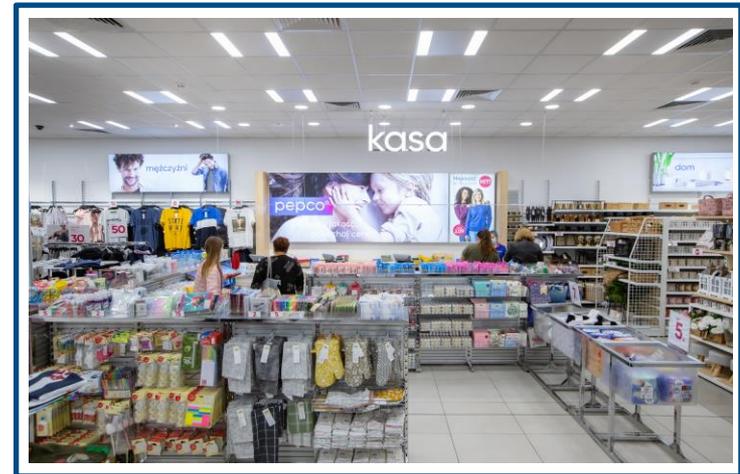
Customers view and use in the same
way

Continued testing of proposition options to renew estate and add further growth opportunities

Store Renewal: Wroclaw Trial



Franchise





Typical Store Annual Performance	PEPCO CEE	PEPCO WE
PROFIT & LOSS		
Revenue (€m)	1,000	1,600
Underlying EBITDA (€m)	225	260
INVESTMENTS		
CAPEX	175	325
Pre Opening Costs	35	50
Working Capital (€m)	70	75
RETURN METRICS		
Payback Months (post tax)	18	25
IRR	72.7%	61.2%

Western Europe annualised based on uninterrupted Covid period

Attractive WE model will further benefit from scale over time in WE as model is honed

Working Capital improvements driving improved financial performance

Remain confident in achieving management guidance subject to any material contagion from Ukraine situation

Store Opening

- Strong stores opening programmes in PEPCO and Dealz
- Openings spread across CEE & WEU
- Guidance risk weighted to upside

Like-for-like

- Covid restrictions easing as exit Winter
- Invest in customer by not passing on all inflation
- Ukraine – impact and longevity unknown

Supply chain

- Disruption easing in line with seasonal volumes
- Costs remain high, easing into 2023

Cost Leverage

- Significant efficiency programmes in all brands, mitigate inflation e.g. labour productivity

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