



Edcon media release

Date: Thursday, 24 May 2018

Edcon announces renewed focus, new brand positioning and thank U app

Edcon, South Africa's largest non-food retailer, today announced a renewed focus on its iconic brands, Edgars, Jet, CNA and the thank U offering. Various new strategies, the launch of new stores and enhanced product categories will strengthen the positioning of these brands in line with this renewed strategy.

At an event held at the Edcon Retail Academy on Thursday 24 May, Grant Pattison, Edcon CEO, spoke about the group's focus on its key brands. "We have a robust, forward-looking strategy in place. But the most important decision we've taken is to commit to our key brands: Edgars, Jet, CNA and thank U, and to a decentralised operating model that will allow the management teams leading each of those brands to make independent decisions for the benefit of our customers."

The heads of CNA, Edgars, Jet and Edcon's Chief Digital Officer each addressed media, analysts and employees on details of their repositioning and new products.

Urin Ferndale, Chief Executive of Jet, announced the launch of 50 new stores in under-penetrated towns in Southern Africa. "We want to be the most-loved value retailer in Southern Africa. We'll get there by addressing the lifestyle needs of value-conscious customers in clothing, home and beauty without compromising their aspirations. We've launched 200 new Jet Beauty store-in-stores, and 150 new Jet Home store-in-stores, because customers on a budget still want their cosmetics and homes to look as good as they do. We have opened 70 new stores in under-penetrated towns over the past year, and we're opening 50 more this year. We source 60% of our products locally: we truly sell clothes designed by South Africans, manufactured by South Africans, for South Africans."

Julie Day, Managing Director of CNA, spoke of the chain's commitment to playing a fundamental role in educating South Africans. "65% of South African homes have fewer than ten books, and a third contain no books at all. As well as being SA's favourite stationery store, our other offerings, including books, make us the perfect complement to a learning, reading nation. With 185 stores and a growing online presence we are focused on making the CNA experience as convenient as possible, and we're relaunching our private-label brand this year to give customers the best possible product. You could say that CNA now stands for 'Customer Needs Addressed'."

Mike Elliott, Edgars Chief Executive, announced that Boardmans and the Edgars home offering would be rebranded as Edgars Home, and that Red Square and the Edgars beauty

offering would be rebranded as Edgars Beauty. "We've got exceptional products, but we've lost touch with our customer, and the customer's lost touch with us. We've got to own our unique position, show up differently, and make it clear for our customers. The launch of Edgars Home and Edgars Beauty will simplify the customer experience and allow us to focus on ensuring that skilled, trained customer-facing staff are providing exceptional customer service. We're going to make sure we're a destination shopping experience, and that we inspire self-expression in all South Africans for all occasions."

Jane Canny, Chief Digital Officer at Edcon, announced the launch of the new thank U app. The app is currently in Beta phase and has been launched to Edcon employees, with a public launch planned for later in the year. "We're really proud of the new app, which is just one part of our move to reinvent the way we interact with our customers, inspiring and delighting them with personalised communications and rewards. The app will give you instant access to thank U points, discounts and savings, and will be a key touchpoint in our expanding retail ecosystem."

Pattison described the way in which the chain offerings reflected shifting consumer preferences: "We've spent a tremendous amount of time and energy to ensure that the products and services offered by CNA, Edgars, Jet and thank U take advantage of innovation to shape the retail landscape and give our customers exactly what they need and expect from these iconic South African brands. We are rectifying past mistakes and at the same time moving ahead with initiatives that will shape the retail sector and ensure we put customers first."

Pattison stressed the importance to Edcon of playing a continued and active role in South Africa's development. He cited the Group's Proudly South African status and ongoing supplier-development, CSR, transformation and local sourcing and procurement activities. Edcon employs around 48 000 staff and celebrates its 90th birthday next year.

"We have, over the past two months, been actively engaging with our key stakeholders – particularly employees, landlords, suppliers and government – in order to make sure they understand the context in which we're making our decisions and in order to engage with them on their needs and concerns. The emphasis will be on taking the company along the path of an established and proven strategic journey, with the end point being a revitalised, successful Edcon, with independent brands and committed stakeholders," Pattison concluded.

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About Edcon

Edcon is southern Africa's largest non-food retailer. We have been in operation for more than 80 years and have expanded our footprint to 1,292 stores as at 23 December 2017, including 186 stores in eight countries outside of South Africa. We operate our business under three principal operating divisions comprising eight key store chains as well as mono-branded stores throughout southern Africa:

Our Edgars Division, is targeted at middle-to-upper-income customers and includes the Edgars store chains. We have 286 stores in our Edgars Division and an average retail space of 740 thousand square meters.

Our Jet Division, which consists of discount stores selling value merchandise targeted at lower- to middle- income customers, includes store chains Jet and Jet. We have 737 stores in this division and an average retail space of 648 thousand square meters.

Our Specialty division, which consist of stores selling value merchandise targeted at middle to upper- income customers, includes store chains CNA, as well as our mono-branded stores. We have 218 stores in this division and an average space of 88 thousand square meters.

We offer credit and insurance products to the Edcon's customers via our strategic partnerships. Edcon owns a controlling stake in Celrose Proprietary Limited which controls Eddels Proprietary Limited, which are both South African manufacturing businesses. Celrose manufactures apparel whilst Eddels manufactures footwear.

Our thank U rewards programme, which was introduced in 2012, allows customers to earn thank U points for their purchases in most of our stores which can be redeemed on future purchases.

Our primary operations are in South Africa where Edcon generated 89% of our retail sales in financial year 2017. The rest of our operations are in neighbouring Namibia, Botswana, Lesotho, Swaziland, Mozambique, Ghana, Zimbabwe and Zambia, where we operate 186 retail outlets. Edgars Zimbabwe is managed independently and disclosed as a separate division.

For more information, please visit the Edcon website: www.edcon.co.za