



## **EDCON ANNOUNCEMENT**

**1 MARCH 2019**

### **EDCON CONCLUDES RECAPITALISATION DEAL**

#### **Key highlights**

- Edcon Group (“Edcon”) provides an update to its recapitalisation deal
- Removal of all interest-bearing Group debt and a new shareholding structure
- New cash investment commitments of approximately R2.7 billion will result in balance sheet restoration

**Johannesburg, 1st March 2019:** Following various announcements made by Edcon over recent months in relation to the recapitalisation of the business, the Group has advanced the process sufficiently to provide a further update to all stakeholders.

The Board of Edcon is pleased to announce that binding agreements have been concluded amongst, Edcon Limited’s existing secured lenders, the Public Investment Corporation (the “PIC”) on behalf of its client the Unemployment Insurance Fund (the “UIF”) and participating landlords which will result in the implementation of a recapitalisation programme. This programme includes the contribution of new cash commitments and rent reductions totalling approximately R2.7 billion into the Group.

The recapitalisation will result in the removal of all of Edcon’s interest-bearing debt and introduces a new group structure and set of shareholders. Subject to certain conditions, existing holders of the Notes may be entitled to nominally participate in the new shareholding structure.

Edcon CEO Grant Pattison commented: “I am extremely pleased and encouraged by the very broad support received, which has been a show of unity and partnership among our diverse stakeholder group. Edcon’s existing lenders; ministries of Economic Development, Labour and Finance; labour unions Sactwu, Cosatu, Saccawu; the PIC and the UIF; as well as participating landlords, have all worked together to ensure a viable future for Edcon.”

Once all conditions precedent, which include normal regulatory approvals required for a transaction of this nature, have been finalised and the transaction is complete, the resulting shareholders of Edcon will mostly include:

- Edcon’s existing lenders;
- PIC, on behalf of its client the UIF;
- Participating landlords to Edcon; and

- Edcon employees.

Pattison added: “Numerous other strategic initiatives are underway to restore the customer proposition of Edgars, Jet and CNA. There was encouraging progress over the festive and back-to-school trading periods. We are also advancing our Thank U credit, insurance and loyalty offerings. Reassuringly, our credit sales growth has exceeded our cash sales growth for the past several months, and the number of active accounts has increased for the first time since 2012.”

Pattison concluded: “This is a significant step forward towards ensuring the restoration of our balance sheet and putting the company back on the path to success. It will provide management with a sufficient time-frame to implement the store estate restructure and focus on returning the business to profitability. This will be done through placing our customers at the centre of our existence through our Edgars, Jet, CNA and Thank U operating divisions.”

Edcon Chairman Gareth Penny commented: “We are extremely pleased that various stakeholders have come together to reach this key step in sustainably repositioning the Edcon Group for the future. Edcon’s businesses are key players in the South African retail market and this is an important turning point for a company focused on delivering growth and creating value for all its stakeholders going forward.”

Ends.

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**About Edcon**

Edcon is southern Africa’s largest non-food retailer. We have been in operation for 89 years. We operate our business under four principal divisions as well as mono-branded stores throughout southern Africa:

- Edgars is South Africa’s leading department store offering a wide variety of Fashion, Beauty and Homeware. Showcasing a portfolio of desired and recognisable international and local brands Edgars enables South Africans to express themselves for all occasions

- Jet addresses the lifestyle needs of the value conscious customer in clothing, home and beauty without compromising aspirations.
- CNA, your favourite stationery store offers a premium range of stationery, arts and craft lines, gifting solutions and so much more.
- Our thank U division is a newly formed Operating Division focused on enhancing the customer journey through convenient, personalised, access to goods, services, credit and financial services through a variety of physical and digital sales channels. It includes our loyalty programme, *thank U*, which is one of the largest rewards programmes in sub-Saharan Africa.

**For more information, please visit the Edcon website: [www.edcon.co.za](http://www.edcon.co.za)**