

Pick n Pay board approves capital raise

The board of Pick n Pay has unanimously approved a capital raise to stabilise the Group's balance sheet, strengthen liquidity, unlock shareholder value and set a platform for long-term sustainable growth.



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The proposed two-step equity capital raise is expected to comprise a rights offer to existing shareholders to provide near-term liquidity around mid-year, followed by an offering and listing of shares in the Group's Boxer business (IPO) towards the end of 2024.

The Group intends to retain a majority stake in Boxer post the IPO and will seek to raise up to R4bn through the Rights Issue.

The terms of the capital raise are still being finalised and are subject to final board approval as well as the requisite shareholder and regulatory approvals. Shareholders are advised to exercise caution when dealing in their Pick n Pay shares until a further announcement is made. The Ackerman family has given their in-principle support for the two-step capital raise.

The Group will release the detailed terms of the planned capital raise after the announcement of the Group's full year results

in May.

Pick n Pay CEO Sean Summers said that by reducing debt, the proposed capital raise would allow the Group to start putting focus into the core Pick n Pay retail business.



Pick n Pay appoints new head of retail, restructures exec team

11 Jan 2024



Pick n Pay reported a disappointing trade performance from its Pick n Pay supermarkets business in a trading update released today, with sales down -0.1% for the 47 weeks ended 21 January 2024. This, together with increased inventory levels and strategic investment into Boxer, Pick n Pay Clothing and asap!, has led to a marked increase in net debt, from R3.8bn at the end of H1 FY24 to R7.2bn at 21 January 2024.

The Group's net debt position improved in February 2024, largely as a result of the receipt of R0.5bn of cash proceeds from the sale of property, and good progress was noted in reducing inventory levels over recent weeks, with the cash benefits thereof expected to flow after year-end.

"Our balance sheet needs to be restructured and stabilised," said Summers. "This is the appropriate action, at the right time, to help our turnaround strategy.

"We have totally reorganised our leadership team and strengthened and simplified our operational structure to drive rapid decision making, focusing on better in-store execution and excellent customer service," said Summers.

"Cutting debt and creating a sustainable platform for investment in growth is the next big step towards unlocking the Group's clear potential, and more details of our turnaround plan will be announced when we release our results in May."

The Group reported that its Boxer business continues to shine, posting sales growth of 17.1% for the 47-weeks ended 21 January 2024, with like-for-like growth of 7.3%.

"This leading performance shows the strength of the Boxer brand and its operating model in a difficult and highly competitive trading environment," said Summers.

Pick n Pay Clothing stores delivered strong sales growth of 17.5% for the 47-week period, with like-for-like growth of 8.0%. The stronger second-half performance reflects a successful store opening programme and market share gains across all key categories.

Pick n Pay Online delivered sales growth of 75.8% for the period, with strong performances from both the relaunched asap! platform and the Group's strategic partnership with Mr D.

Pick n Pay has actively engaged with its key lenders under its long-term syndicated and bilateral loan facilities to ensure continued compliance with the Group's long-term debt covenants.

This engagement has resulted in agreements which have provided the Group with sufficient time and flexibility to assess the Group's gearing position and progress the optimal course of action to correct the capital structure.

"We are grateful to our lenders for their continued long-term support of the business," said Summers.

"The steps we are taking now to stabilise the balance sheet will give Pick n Pay and our new leadership team a platform to build from as we work to get Pick n Pay back where it belongs.

“As I indicated when I was appointed five months ago, this will be a multi-year journey and I am happy to say that this is the start of the process, notwithstanding the current performance and results.”

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