Acquisition of Arizona Wholesalers and Butcheries and Withdrawal of Cautionary Announcement

1. Introduction

Shareholders of Choppies Enterprises (‘Choppies’) are referred to the cautionary announcement released on 6 September 2017, and the renewal of the cautionary announcement on 18 October 2017, regarding the proposed acquisition of a number of retail stores in KwaZulu-Natal.

The Board of Directors of Choppies is pleased to inform shareholders that the company has concluded an agreement to purchase eight Arizona Wholesalers and Butcheries stores (‘Arizona’) located in KwaZulu-Natal, following approval from the Competition Commission of South Africa on 1 November 2017.

In terms of the agreement Choppies will acquire Arizona as a going concern for the consideration of R100 million and the value of the business’ inventory, effective 1 November 2017.

2. Acquisition of Arizona

2.1. Nature of Arizona business

Arizona Wholesalers and Butcheries started as an independent family-owned business in 1998 and expanded to eight retail outlets supplying groceries and butchery products in rural KwaZulu-Natal. It operates in Nongoma, Eshowe, Jozini, Pongola, Mtubatuba, Hlabisa, Melmoth and Ulundi.

The business has built a considerable footprint in traditionally underserved areas in KwaZulu-Natal and employ more than 350 people and has nearly 13,000 m² operating space.

2.2. Rationale for the acquisition

Arizona has established a strong foothold in a key target market for Choppies and has built a business with a solid foundation which would enable the business to achieve sustainable growth. The business fits well with Choppies’ strategy of being a strong relevant provider of consumer goods at affordable prices, and serving urban, semi-urban and rural areas with products that offer value for money.

Ramchandran Ottapathu, CEO of Choppies commented: “We are delighted to announce the addition of the Arizona stores to the Choppies group of stores. Their footprint in KwaZulu-Natal complements our existing presence in the area. This transaction and the subsequent synergies it will unlock, should ultimately result in our South African operations reaching profitability over the medium term.”

3. Withdrawal of Cautionary
Further to the cautionary announcement dated 6 September 2017 and the renewal of the cautionary on 18 October 2017, shareholders are advised that they no longer need to exercise caution when dealing in Choppies’ securities.

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The Company’s primary listing is on the Botswana Stock Exchange and its secondary listing is on the Johannesburg Stock Exchange.

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