Choppies Enterprises Limited ('Choppies' or 'the Company' or the 'Group') today announced its intention to list on the main board of the securities exchange operated by the JSE Limited ('JSE'), subject to requisite approvals by the JSE. Choppies is listed on the Botswana Stock Exchange ('BSE') and the proposed JSE listing would be an inward secondary listing.

Choppies is a Botswana-based mass grocery retailer and is the leading supermarket chain in Botswana with a market share of c.36% of the national food retail market. Regionally, the Company currently operates 125 retail outlets in Southern Africa comprising 72 stores in Botswana, 35 in South Africa and 18 in Zimbabwe. It also operates 7 distribution centres in the region. In addition to the 3 warehouses Choppies operates in Botswana of 10 000m², 3 500m² and 3 000m² in size, Choppies also has a combined 18 000m² of warehouse facilities in Rustenburg, South Africa, a 6 850m² warehouse in Bulawayo and a 3 000m² warehouse in Harare, Zimbabwe. The current infrastructure can support over 100 stores in Botswana, up to 100 stores in South Africa and 50 stores in Zimbabwe. This infrastructure includes in-house transport logistics and maintenance capabilities. The Group employs in excess of 11 000 employees across all of its operations.

The Company opened its first store in 1986 in Lobatse, Botswana. The first South African store was opened in Zeerust in 2008. The Company has since replicated its successful model in many medium-scale towns across Mpumalanga, Limpopo, North West and Free State provinces. The entry into Zimbabwe in 2013 has exceeded all expectations and there is a major expansion plan to ensure an extensive footprint in the country with the objective of opening up to 50 stores.

Future expansion plans are to grow from the current 125 store footprint in existing markets and enter new markets in Zambia, Tanzania, Kenya and Namibia. The Company expects to open its first stores in Zambia and Tanzania by mid-2015.

Mr. Ramachandran Ottapathu, Group CEO said:

“We are very proud of the company we have built from such humble beginnings into the largest and most profitable retailer in Africa, outside of South Africa. The proposed listing on the JSE will give us a platform to continue our journey of growth and expansion. It will also enhance our public profile in South Africa, where we continue to expand our footprint.”

Choppies targets primarily lower to middle-income consumers. Its supermarket retail offering mainly consists of Fast Moving Consumer Goods ('FMCG') products which include international food brand and Choppies' own private label products. There is a strong focus on service offerings (fresh fruit and vegetables, butchery, bakery and take-away). Choppies’ proposition is to give customers best value for
their money and consistently offer the lowest prices based on a broad basket of Known Value Items (‘KVIs’).

Choppies has a proven business model that has delivered consistently strong growth. Over the three years to 30 June 2014, the Group recorded 27% compound annual growth rate (‘CAGR’) in revenue to BWP5,012 million and 19% CAGR in EBITDA to BWP352 million.

Mr. Ottapathu said:

“Choppies already operates stores in markets with significant further growth potential and we have a wealth of experience in servicing the needs of our customers. We know and understand our market with our focus on customer experience and value for money. We plan to expand into new markets with rollouts in semi-urban and medium sized towns.

We are uniquely positioned to grow our market share in southern Africa as shoppers progressively choose branded convenience over expensive and poor range alternatives. We are well positioned to expand our footprint to 200 stores in six countries by the end of calendar year 2016.”

Choppies has an experienced and long-serving management team with a proven track record of profitable growth. Mr. Ottapathu is largely credited with the rapid growth of the company, particularly over recent years.

Choppies listed on the BSE in January 2012 at a price of BWP1.15 per share. As at 4 May 2015, the Company’s share price had increased to BWP4.05 with a market capitalisation of over BWP4.7 billion (ZAR5.7 billion). Since listing on the BSE, the Company has consistently maintained a dividend pay-out ratio above 30% which is expected to increase to 50% over time.

The proposed listing will entail an issue of new shares and an offer for sale made by certain existing shareholders at a price to be determined by a bookbuild process (‘the Offer’). The Offer price will be subject to the terms approved by shareholders of the Company (‘the Shareholders’) at the Extraordinary General Meeting of the Shareholders held on 23 April 2015, including that the discount, if any, at which the shares, being the subject of the Offer, are to be issued and sold will not exceed 10% of the weighted average traded price of the ordinary shares of the Company over the 30 day period prior to the pricing date.

The proceeds of the primary capital raising will be used to settle part of the existing borrowings and to fund the Company’s continued expansion into existing and new markets. A pre-listing statement, including full details of the Company and the Offer, will be available shortly. The Offer will not be open to the public.

Rand Merchant Bank (‘RMB’), a division of FirstRand Bank Limited, has been appointed as bookrunner and sponsor in relation to the Offer and listing.

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This document may contain statements about Choppies that are or may be forward-looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the retail industry; cash costs; operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity, capital resources and expenditure; and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Choppies cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Choppies operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this document.

All these forward-looking statements are based on estimates and assumptions, all of which estimates and assumptions, although Choppies may believe them to be reasonable, are inherently uncertain and are inherently subject to significant business, economic and competitive uncertainties and contingencies. Such estimates, assumptions or statements may not eventuate. Many factors (including factors not yet known to Choppies, or not currently considered material), could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those estimates, statements or assumptions. This announcement does not constitute a recommendation concerning the Offer. The price and value of securities can go down as well as up. Past performance is not a guide to future performance. Information in this announcement or any of the documents relating to the Offer cannot be relied upon as a guide to future performance. Potential investors should consult a professional advisor as to the suitability of the Offer for the person concerned.

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XXII of the Botswana Companies Act. This document is not a prospectus registered and/or issued in terms of Part XXII of the Botswana Companies Act.

Prospective investors in the Ordinary Shares of Choppies, as with any other listed company, should ensure that they fully understand the nature of the Company’s operations, its valuation and the extent of their exposure to risks, and that they consider the suitability of the Company’s Ordinary Shares as an investment in light of their own circumstances and financial position. The BSE’s approval of the admission of the Company’s securities on the JSE should not be taken in any way as an indication of the merits of the Company. The BSE has not verified the accuracy and truth of the contents of the documentation submitted to it and, the BSE accepts no liability of whatever nature for any loss, liability, damage or expense resulting directly or indirectly from the investment in the said securities.