

Pepkor and TFG unravel impacts of riots

TFG and Pepkor, two of South Africa's most prominent retail groups, have reported damage to nearly 700 stores and other facilities as a result of the violent riots and looting that took place in KwaZulu-Natal, parts of Gauteng and elsewhere in the country last week.



A screen grab taken from a video shows the damage inside a shopping mall following protests. Source: Courtesy Kierran Allen/via Reuters

"As a business, we condemn this behaviour and are deeply saddened by not only the destruction of property, infrastructure and assets, but more importantly, the loss of life caused by this situation and the long-term effects this will have on the South African economy and the livelihoods of the group's employees and customers," Pepkor said.

9% of Pepkor stores affected

Pepkor, which owns the likes of Pep, Ackermans and the JD Group, said on Friday that 489 retail stores, representing approximately 9% of the group's total retail stores, were damaged and looted as well as one of the JD Group's distribution centres in Cato Ridge, KZN.

JD Group's brands include Russells, Bradlows, Rochester, Sleepmasters, HiFi Corp and Incredible Connection. It operates a total of 16 distribution centres countrywide and its KZN stores, once reopened, will be serviced in the short term from its other distribution centres.

Pepkor said its supply chain and distribution operations in the affected areas have been "severely disrupted" and numerous additional measures, including tactical security, have been put in place to safeguard the group's distribution infrastructure and assets. "The group continues to closely monitor the situation and is in constant contact with law enforcement agencies, security service providers and other relevant stakeholders," it commented.



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The company said it's not yet in a position to assess and determine the full cost of the damage suffered, but it has insurance cover in place to mitigate the losses incurred. As a precautionary measure to ensure the safety of employees and customers, a varying number of Pepkor's retail stores were intermittently closed across the affected areas over the past week.

The process to clean up, reopen and restock stores has commenced and is gaining momentum as the situation stabilises and logistics operations and infrastructure in affected areas are restored, Pepkor said.

Leon Lourens, the chief executive officer of Pepkor stated: "The vast majority of the stores across our footprint remain operational and as a group we are focused and determined to rebuild and restore affected operations as quickly as possible. It is a key priority for us to serve all our loyal customers as soon as possible and continue to make a positive difference in their lives - especially during this challenging time."

TFG's cautious approach

TFG, which owns retail chains including Foschini, Sportscene, Markham and @home, reported that approximately 190 of its stores in the country were looted and damaged to varying degrees. A distribution centre operated by one of its logistics service providers, as well as the manufacturing premises of one TFG's suppliers, were also damaged as a result of arson during the civil unrest - the impacts of which are not material to TFG's supply chain.

The company said on Friday that all its KZN stores were not trading due to safety concerns, as the situation seemed uncertain at the time. The timelines to reopen will be quick in some locations whilst in others will be dependent on the nature and extent of the damage and on the availability of the relevant resources and supply chains.

Trade continues as normal in the rest of the TFG's South African and African regions supported by strong supply chains. This includes the group's own manufacturing capacity which remains largely unaffected, "which is encouraging", said the company.



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The group will continue to assess the damage caused to its stores and is quantifying losses to be recovered through its insurance policies. "We are grateful to our security teams, our employees and supply chain partners who have worked tirelessly with local law enforcement, unions, property managers and other relevant parties to minimise further damage and losses," TFG said.

At the beginning of July, TFG had approximately 3,000 stores in Africa, with plans to open another 200 stores by the end of the 2022 financial year.

TFG said that as a South African listed company, it remains "committed to supporting the government in the rebuilding and progressing of all the initiatives aimed at improving the lives of our South African people and remains steadfastly committed to promoting local job creation and upskilling of our people".

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