BE OBSESSED ABOUT COST SAVINGS AND EFFICIENCY

PERFORMANCE SUMMARY 2021

- ✓ Achieved R498 million in cost savings through our efficiency drive
- ✓ Cost savings culture entrenched
- ✓ Progress in rationalising stock-keeping units (SKUs)
- ✓ Introduced new performance-based trading terms with key customers.

Our recent drive to instil a culture of cost savings is delivering results, with R498 million in savings realised this year, in line with our target for the year.

UNLOCKING COSTS AND CASH

Last year we introduced a step-change in how we engage the business on cost savings, with the aim of ensuring a more systemic and widespread approach to driving efficiencies across the business, and to enhancing the quantity and quality of projects that are being identified and tracked. We changed the governance structure, introduced clear steps from identification to realisation of savings, improved transparency and strengthened accountability measures to ensure appropriate ownership of expenses. We set up revenue management capabilities to help us identify cost savings and efficiencies, and to create a pipeline of opportunities across the business units, and we prioritised the need to improve our SKU rationalisation by developing an accurate product costing model informed by activity-based costing.

We have made valuable progress this year in building on these initiatives and beginning to entrench a cost-savings culture across the group, delivering R498 million in savings, in line with our target for the year. We have entrenched a clear accountability matrix, creating a healthy tension between cost owners and business owners, and helping to ensure greater ownership in delivering the targeted savings.

We are strengthening our central revenue management capability within each of our business units, and have achieved early successes in Groceries, Snacks & Treats, and Beverages. We have designed new trading terms that are performance and behavioural-based and ensure compliance with new legislation. These have been signed-off with all of our customers. We have begun the process of rationalising our SKUs which is a key lever to reducing complexity and improve efficiencies within our business units. This year, significant value has been delivered through portfolio optimisation on the Grocery category alone; with further progress planned in the next financial year.

DELIVERING DIGITAL TRANSFORMATION

Delivering digital optimisation, and providing integrated IT and information solutions, is an increasingly significant source of competitive advantage and critical to realising our vision of developing an effective, best-in-class supply chain. We have agreed a detailed IT roadmap that includes an internal and external focus. Internally, we are working to mature the IT function, fixing the basics to enable a more consistent, repeatable and predictable IT service, and implementing the necessary security capabilities to create resilience against cyber and other security threats. The external, business-driven focus on developing the capabilities needed to unlock the transformational potential of IT in areas such as data and analytics, automation, digital commerce and supply chain digitalisation to enable more informed data-driven decisions, deliver enhanced operational efficiencies, boost productivity, and ensure compliance.

This year, we completed several automation projects to assist in delivering improvements in stock availability and inventory modelling, ensure better traceability across the supply chain, enhance forecast accuracy and improve customer collaboration.