

Wednesday, 25 August 2021

Massmart in talks to acquire OneCart

Acquisition in line with Massmart's intent to accelerate eCommerce growth

In line with its strategic intent to accelerate growth in eCommerce, today, Massmart announced that it is in negotiations to acquire a controlling stake in OneCart PTY (Ltd) (OneCart). Negotiations are at an advanced stage and the Group hopes to conclude discussions in the coming weeks.

Commenting, Massmart Group Chief Executive Officer, Mitch Slape said, "The proposed acquisition is consistent with Massmart's strategy to invest in and accelerate eCommerce growth, particularly in the fast growing on-demand delivery segment. A key objective going forward would be to invest in aggressively growing and fully supporting OneCart's existing independent retailer marketplace model that enables consumers to order from multiple retailers via a single platform."

In March this year Massmart outlined the Group's immediate eCommerce priorities including to:

- Establish a unified group-wide eCommerce capability under the leadership of Sylvester John who has been seconded by Walmart to fulfil the role of Massmart Group eCommerce Vice President;
- Revamp the makro.co.za, game.co.za and builders.co.za online user interfaces, including key functionalities like search, to provide a more seamless and intuitive customer experience;
- Develop new transactional and value adding mobile first digital solutions that cater to different customer occasions, journeys and segments, including participation as anchor retail tenant on the Vodapay Super App; and
- Strengthen and expand order fulfilment capabilities such as on-demand and same-day order fulfillment, 'ship to home' capability from Distribution Centres to supplement store fulfilment capacity and improving the click and collect customer experience in stores.

Commenting about Massmart's eCommerce ambitions Sylvester John, Group Vice President for eCommerce said "It's clear that we have the brand recognition, geographical presence, merchandise assortment, procurement scale and primary logistics capability to be an even more successful eCommerce player. In addition to better leveraging these assets, our immediate opportunity is to improve and expand our digital sales platforms and last-mile delivery capability. The successful acquisition of OneCart will go a long way toward achieving this."

In 2020, online sales across Massmart increased by 58.6%, the number of unique eCommerce customers grew by 73% and click-and-collect orders increased by 69.5%. eCommerce contributed 1.8% of total sales representing a significant increase over the prior year.

OneCart has achieved Year-on-Year growth of **400%** since inception.

Slape concludes, "Successful closure of the proposed OneCart transaction will contribute immeasurably to our centralised eCommerce capability that has specifically been established to concentrate scarce expertise, including Walmart experience, in a way that will accelerate adoption of eCommerce best practise at Massmart."

Notes to Editors:

- OneCart is a fast-moving consumer goods marketplace and logistics platform that partners with leading retailers in South Africa to enable fast, flexible and efficient online sales and home delivery to consumers throughout the country.
- The OneCart platform provides access to products across the dry grocery, frozen and fresh foods, liquor, baby, health and beauty, household and pet supplies categories, all made available to consumers via a single shopping interface.
- Over the past three years, OneCart has experienced unprecedented growth in the number of retailers and customers on the platform, as well as the locations they serve.
- OneCart is backed by a strong technology suite, management expertise, and logistics capability that enables delivery of thousands of orders per day in an on-demand environment for themselves and their partners.
- Sylvester John was previously Vice President within the Walmart USA eCommerce organization where he played a key role in helping launch and position Walmart's online grocery pickup service in the US and drove the establishment of the company's last-mile delivery organisation.
- Massmart is in a closed period and will provide its next online sales update on 27 August.