

## Shoprite Holdings' financial results for the 52 weeks ending 28 June 2020

### Trade Intelligence Comment

As the first major FMCG retailer to present its FY results following the onset of COVID-19 in South Africa, Shoprite has well and truly thrown down the gauntlet to its peers, proving just how agile it can be in response to some of the toughest trading conditions in living memory. CEO Pieter Engelbrecht attributed this to Shoprite's "exceptional ability to execute" as well as its multi-tiered retail brands that offer something for everyone. The strong H2 growth of +7.5% was against a high base, and the year also saw shopper behaviour change dramatically, with visits to stores declining -7.4% and average basket spend growing +18.4%.

Of note was the performance of no-frills discounter, Usave, which, thanks to its close proximity to people's homes and low price points, delivered product accessibility and affordability almost literally into the hands of the South Africans who needed it most. Another star performer was Checkers, boosted by an increase in home-cooking and exciting digital innovations which were accelerated and very favourably adopted by shoppers due to the pandemic. Non-RSA operations remain a tale of currencies and logistical challenges, further impacted by COVID regulations differing from country to country. The long-term plan remains assessing each country's performance on its merit, and if exiting a country is the only option to safeguard profitability, so be it.

Looking forward, thanks to Shoprite's focus on precision retailing that informs everything from its broader strategy to everyday shop-floor decisions, it is hard to imagine Shoprite putting a foot wrong over the short-term at least. Its level of responsiveness and innovation shown under these exceptional circumstances is praiseworthy, a path it has promised to continue on.

### Key Highlights

#### Group

- Turnover +6.4% from R147.5bn to R156.9bn, volume growth +1.5%
- Gross profit +8.9% from R34.5bn to R37.5bn, with gross profit margin up from 23.4% to 23.9%
- Trading profit -2.7% from R8.4bn to R8.2bn, with trading profit margin decreasing from 5.7% to 5.2%. Excluding the impact of hyperinflation in Angola, trading profit +10.4%. Supermarkets RSA trading profit +13.0% with high trading profit margin of 6.6%
- Adjusted diluted HEPS from continuing operations +16.6% to 717.5 cents
- The Group opened 58 net new stores to 2,804 stores, with 187 planned for FY2021
  - 32 net new Supermarket stores, bringing the total to 1,387 stores with 97 planned for FY2021
  - 33 net new LiquorShops, bringing the total to 523, with 63 planned for FY2021
  - 17 net new franchise stores, bringing OK Franchise to 477 focusing on the OK brand, 24 new planned for FY2021
  - 27 unprofitable Furniture stores closed and 4 new opened, footprint at 442 with 3 new planned for FY2021

Shoprite Holdings FY2020 Financial Results Summary Table

Divisions	Total Growth	Comparable Growth	Internal Price Inflation
<b>Group</b>	6.4%	4.4%	-
Supermarkets RSA	8.7%	6.8%	3.0%
Supermarkets Non-RSA	-1.4% (+6.6% in constant currencies)	-6.0%	7.2%
Group Furniture	-11.9%	-10.3%	-
Other Operating Segments	3.9%	5.3%	-

Note: The Group intends to dispose of a majority stake in its Nigeria subsidiary, as such the data reported excludes the discontinued operation in Nigeria | - Data not reported for the period | Other Operating Segments include: OK Franchise, Computicket, CFS, MediRite and TransPharm | Hyperinflation applied in FY2019

### Supermarkets RSA

- Turnover +8.7% to R122.4bn (H2: +7.5%), +2.3% volume growth. Market share gains +1.2%, +R4.9bn in additional turnover
- Shoprite and Usave turnover +6.7% to R66.8bn. Checkers and Checkers Hyper turnover +13.5% to R48.5bn
- LiquorShop turnover -3.3% to R7.7bn after H1: +20.5% with 79 trading days lost over lockdown

### Supermarkets Non-RSA

- Turnover declined -1.7% to R18.2bn (+6.6% constant currencies growth), continuingly impacted by currency issues
- Share of turnover contribution to Supermarkets declined from 14.0% to 12.9%
- The Group intends to dispose of a majority stake in its Nigeria subsidiary and plans to exit Kenya by the end of 2020

### Shoprite Group Comment

"2020 was a team effort across the business, executing day-to-day operational excellence whilst delivering on a number of strategic initiatives. I am very proud of Shoprite, our people and these results." *Pieter Engelbrecht, CEO Shoprite Holdings*