



29 April 2021

This seems like an odd time to be waxing optimistic, but there is much to be hopeful in the columns below: A bumper harvest, a stronger rand, inflation under control and with it the interest rate, Coca-Cola Beverages Africa listing on the dear old JSE and giving it a much-needed shot in the arm, and Amazon setting up shop properly in the Fairest Cape. Enjoy the read.

RETAILERS AND WHOLESALERS

Pick n Pay

“The future is long term”

Those Pick n Pay results they’ve been hinting broadly at for the past couple weeks: turnover up +4.3% to R93.1bn for the year through Feb, but +10.8% in core food and groceries over the last six months of the 2020 calendar year, and +10% for the year if you take out tobacco, liquor and clothing which all took a hit during the various lockdowns and prohibitions. Trading profit, unfortunately, was down -8.4% to R2.9bn (excl. once-off compensation costs). Bright spots include Boxer, which opened stores like gangbusters this year, and retail in the Rest of Africa, where Pick n Pay’s unhurried approach seems to be paying off, and where segmented profit grew +64.4% to R148m despite a slight decline in sales. Private label sales grew a whacking +12% in these straitened times. And the Smart Shopper loyalty programme’s up to 8.5 million members, so that’s nice. A last word from Mr Brasher, who seasoned his final results presentation with a couple of jabs at competitors: “If I look at the work that we’ve done to solidify the plan, I think it is clear that our future is bright, it’s long-term and it actually meets the requirements and values of the company.”

Comment: Solid under the circs, but we’d like to see that profit tick back up into the black. To view a few more of the deets, click [here](#).

Tatler Reporter 28/04/21

Clicks

Bring back the bugs

So how has Clicks fared these past six months, you ask, and we are here to tell you. Group turnover up +7.6% to R18.1bn, with both retail and wholesale growing handily, and operating profit up a very liveable +9.7% to R1.4bn. Within the South African retail operation, health and beauty grew +7.2% and private label – a winner across the sector lately – +11.7%. “A key strategic focus area is the tiering of private label,” explains Mr Ramsunder. “We recently launched the Clicks Expert range as our top tier, and we will be rolling this out to more categories.” Pharmacy though, different story, up just +3%, which they’re blaming on fewer acute infections as everyone masked up and self-isolated, and generic medicine continued its inexorable cut-price rise. UPD was another big success as it always seems to be, growing a whacking +13.8% for the period. And Musica is well and truly on the way out. For a more detailed breakdown, click on our snappy one-page summary [here](#).

Comment: UPD was a bold and pioneering move for Clicks back in the day. But a gift that’s kept on giving.

Tatler Reporter 28/04/21

Shoprite

Power moves

When Shoprite does it, you know we all probably should be. It’s not that it doesn’t innovate, more that it does so at the right time, and with a view to minimising risk and having all its ducks in a row when it does. So everybody, get busy on those “utility-scale wind and solar plants”, because that’s what the Big Red One is doing. Currently the business has installed 480,000 square feet of solar panels on top of 21 distribution centres and stores in South Africa and Namibia – but this, while impressive, accounts for less than 1% of the Group’s energy requirements. Now it’s gunning for 25%, working with an unnamed company (coughNotEskomcough) to build and commission utility-scale wind and solar plants, which will generate electricity that’s then transported via the national grid. In the meantime, it’s making inroads by committing to procuring 434,000 MWh of renewable energy per year for the next seven years, and will continue to roll out rooftop solar, here and further north. Its energy bill is currently in the order of R2.5bn annually.

Comment: Those are some big commitments, as Shoprite gets the jump on the green energy revolution that is barrelling down upon us.

Business Tech 21/04/21

International Retailers

Rise of the machines

If you thought global online retail enabler Ocado couldn’t get any more sinister – satellite lasers! Ok not yet, as far as we know, but definitely a partnership with Oxbotica, using their AI-based Selenium product, and doing everything from autonomous vehicles inside their warehouses to last-mile delivery and “kerb-to-kitchen robots” which will enter your home armed only with a slab of tuna and a set of sharp knives and leave you with a dinner of perfectly plated sashimi. Kidding again! Or are we? Here in the Beloved Country, global everything Amazon is upping its footprint and adding 150 heads to its workforce as it establishes its Africa headquarters on the controversial River Club site in Cape Town.

And in Ireland, Lidl is offering free menstrual products to women and girls as part of a new initiative targeting period poverty.

Comment: Proving again that the private sector is starting to leapfrog government in the things that need doing, see also Shoprite above.

[Tatler Reporter 28/04/21](#)

MANUFACTURERS AND SERVICE PROVIDERS

Coca-Cola

Exchanging promises

Last year, Afrox, Clover, Lonmin, Pioneer Foods, Verimark, and Group Five all exited the Johannesburg Securities Exchange (JSE), which has lost almost half its listings in 20 years. So a small consolation for the JSE but big news for our own industry and for dabblers in the markets alike is that Coca-Cola Beverages Africa (CCBA) will be listing not on our own venerable exchange but also in Amsterdam, within the next 18 months. The listing is quite a big deal as it gives punters the chance to invest in something that is not only truly enormous – with 16,000 employees in 14 countries, producing 40% of Coke products consumed on the continent – but also relatively competitor-free. The listing is in line with Coke's strategy to reduce its ownership in such businesses while focusing on them as partnerships. The primary listing in Amsterdam, they believe, will attract more global investors.

Comment: A promising move, with an air of inevitability, and certainly a boost for the dear old JSE.

[Business Insider 23/04/21](#)

Agriculture

The bounteous fields

One of the bright spots in this otherwise dim ambit has been agriculture, which has, pretty much across the board, enjoyed bumper crops this year. Good, right? Hold your horses there, or any other farm animal you can lay your hands on. Normally, a bumper crop falls prey to the supply/demand equation, it is true, and prices tend to fall, while this year, various COVID-related supply-chain disruptions in the international market have kept prices more buoyant than they might be. All well and good for the farmers and the raw producers like Zeder and Kaap Agri. A little trickier for those businesses further up the value chain, like Tiger, AVI and Astral Foods, whose inputs are going to be a little pricier at a time when consumers don't have much appetite for that.

Comment: Still, a drought year during the time of COVID would have been a lot worse, for all parties.

[Moneyweb 20/04/21](#)

TRADE ENVIRONMENT

The Economy

The numbers game

What's up with the economy these days? According to Bloomberg, the trade surplus is expected to come in at R28.3bn for the month of March, just a touch down from February, on the back of increased commodity prices and ongoing recovery in the global demand for manufactured goods. And the rand has been strong against the dollar of late, breaking R14.20/\$ for the first time in 15 months in mid-April before dropping back slightly last week. This will serve to keep a lid on inflation, which hit 3.25% in March, up from 2.9% in February, although still comfortably below the 4.5% midpoint of the Reserve Bank's targeted band. This, in turn, could encourage the Bank in question to keep the interest rate down to 3.5% and encourage us all to spend our hard-earned on something nice.

Comment: So you see then. Not so bad. Hints of economic stability all over the place, and that is something investors love.

[Business Day 25/04/21](#)

THE WEEKLY GURU

"I visualize a time when we will be to robots what dogs are to humans, and I'm rooting for the machines."

Claude Shannon

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