

SHOPRITE HOLDINGS' FINANCIAL RESULTS FOR THE 52 WEEKS ENDED 30 JUNE 2024

TRADE INTELLIGENCE COMMENT

The Shoprite Group reported another solid performance with revenues of R246.1bn (+12.0% growth), outperforming the market for the fifth consecutive year. Shoprite's core business, Supermarkets RSA, grew +12.3% to R195.0 bn, with like-for-like growth of +6.3% (in both H1 and H2). This reflects real growth of +0.5% given Shoprite's internal price inflation of +5.8%. Volume growth declined in H1 because of +7.7% internal price inflation but improved in H2 when internal price inflation fell to +4.2%.

This performance is underpinned by strong fundamentals such as a +3.7% increase in customer visits, an +8.4% increase in basket size and 201 net new stores (Supermarkets RSA).

CEO Pieter Engelbrecht emphasised that Shoprite is customer-led, with the customer's needs driving all its decisions. As such Shoprite continues to extract insights from customer data (leveraging over 5,000 data points per member of the Xtra Savings programme) and focuses on delivering an enticing in-store experience and fresh foods. The Group continues to expand its speciality store footprint in a "measured" way as it learns and grows (UNIQ and Medirite), with standalone stores often positioned adjacent to the Group's supermarkets, which act as drawcards.

Engelbrecht spotlighted Usave, its growing, limited-range discounter servicing price-sensitive shoppers in the informal sector. While he claims Shoprite is not taking on the informal sector, he foresees opportunity to grow the current 463 Usave stores to 1,000 in the next five years.

Shoprite will be divesting its interest in furniture, selling OK Furniture and House & Home and is in the process of buying the remaining 50% of Pingo, its last-mile delivery operation. CAPEX planned for FY2025 sits at R8.0bn, the majority of which will be spent on stores (new stores, refurbishments and maintenance) as well as technology-led projects.

SHOPRITE HOLDINGS KEY HIGHLIGHTS

GROUP¹

- **Turnover** +12.0% to R240.7bn, up +R25.8bn over the 52 weeks, supported by transactions: +4.5% and basket size: +6.9%
- **Gross profit** +11.7% to R57.8bn, margin maintained at 24.0% (FY2023: 24.1%), supported by a slightly stronger margin in Supermarkets RSA offsetting margin pressure from high growth in Other Operating Segments, which operate at a lower margin
- **Other income** +15.2% to R4.3bn (+23.3% excl. insurance claim in FY2023). Commissions: +11.7% (incl. value-added services)
- **Trading profit** +12.4% to R13.4bn, margin maintained at 5.6% (longer-term target: 6%). **Expenses** +12.1% to R50.1bn, incl. R754m to run generators during load shedding (FY2023: R1.3bn)
- Diluted **HEPS**⁴ +7.4% to 1,245.2 cps. **Dividend** +7.4% to 712 cps (FY2023: 663 cps)

Shoprite Holdings FY2024 Financial Results Summary

Divisions ¹	Turnover	Turnover Growth	Comparable Growth ³	Growth from New Stores	Internal Selling Price Inflation
Group	R240.7bn	12.0%	6.3%	5.7%	–
Supermarkets RSA (incl. LiquorShop)	R195.0bn	12.3% Excl. Massmart acquisition: +10.5%	6.3%	6.0%	5.8% FY2023: +10.1%
Supermarkets Non-RSA ¹	R20.8bn	6.1% Constant currency: +22.1%	4.3%	1.8%	9.3% (estimate)
Group Furniture	R7.2bn	2.3%	2.0%	0.3%	–
Other Operating Segments ²	R17.7bn	21.1% Transpharm and Medirite: +15.3% Sales to OK Franchise: +23.8%	11.6%	9.5%	–

Notes: 1. Results for continuing operations; DRC, Kenya, Uganda and Madagascar operations discontinued. Results exclude the impact of hyperinflation in Ghana | 2. Other Operating Segments: OK Franchise, Transpharm, Medirite Pharmacies, Red Star Wholesale Catering Services (was Checkers Food Services) and Computicket | 3. Comparable growth removes the impact of new and closed stores | 4. Diluted headline earnings per share: excl. once-off items, exchange rate, lease modifications and hyperinflation – illustrative only | 5. Private brand turnover contribution to trading brand excluding liquor | – Data not reported

SUPERMARKETS RSA (81.0% of Group Turnover)

- Turnover +12.3% to R195.0bn (+10.5% excl. 92 Massmart stores that were acquired in H2 of FY2023), supported by transactions: +3.7% and basket size: +8.4%
- Private brand contribution⁵ at 21.3% (FY2023: 20.9%). No target, used to fill gaps in the range
- Shoprite and Usave turnover: +10.7% to R99.6bn (+7.9% excl. Massmart acquisition). **Shoprite**: +10.3%, from 638 stores (+20 net new) and **Usave**: +13.2%, from 463 stores (+22 net new)
- **Checkers** and **Checkers Hyper** turnover: +12.3% to R77.9bn – opening +25 new stores over FY2024 to 321 stores (incl. 9 Checkers Foods neighbourhood format stores)
 - **Sixty60**: +58.1% (FY2023: +81.5%), delivery from 539 stores (FY2023: 466 stores), no contribution reported
 - Footprint expansion continues: +34 **PetShop Science** (total: 86 stores), +3 **Little Me baby** stores (total: 12), +14 **UNIQ clothing** (total: 22) and +14 **Checkers Outdoor** (total: 22)
- **LiquorShop** turnover +20.0% to R16.7bn (+15.1% excl. 40 Massmart stores), +71 new stores to 753 stores
- 35.3% of turnover from promotions (+2.6 percentage points). **Xtra Savings** membership: 31 million – R16.9bn instant savings

SHOPRITE GROUP COMMENT

“ Amongst the business community, there is a positive outlook on SA at the moment ... The capital inflow is 3 times that of last year, already. This bodes well for the future... We have invested accordingly ... any green shoots that will come out of the economy, or for the consumer, we are ready to receive the rewards. **Pieter Engelbrecht, Shoprite Holdings CEO** ”