

Shoprite Holdings' financial results for the 53 weeks ending 04 July 2021

Trade Intelligence Comment

The momentum that the Shoprite Group built leading up to its half-year results was sustained during H2, with the business delivering a healthy set of full-year numbers. The continued impact of the pandemic was reflected by the decline in customer visits of -3.9%, but recovered from -16.7% at HY2021, indicating a return of foot traffic into stores. At the same time, average basket value increased by +13.6%. Overall, Group turnover for the period grew +8.1% (HY at +4.7%) and the results confirm that the Group's strategy of continuously delivering value to its customers through innovation informed by data is effective.

Overall, the good results continued to be driven by the Supermarkets RSA division, which reported sales growth of +9.3% with all the supermarket brands gaining market share. The liquor trading ban continues to impact turnover with LiquorShop reporting growth of +4.4% (for context, LiquorShop RSA growth in FY2017 – FY2019 was in excess of +20% each year). In Supermarkets Non-RSA, the Group's strategic decision to discontinue operations and focus on 10 core countries has improved profitability fourfold. Group furniture turnover was +24.6% off a low base and returned to profitability, while 'other operating segments' delivered turnover growth of +10.0%, with franchise and pharmaceutical growth offsetting the constrained food services and ticketing turnover.

These results have shown how keeping customers at its core remains a winning formula for the Shoprite Group. With the introduction of Shoprite X (the Group's digital tech hub) and the shift in strategic focus to leverage the Group's existing platform advantage, there is a lot to look forward to in a future where data continues to drive the Group's strategy of precision retailing.

Key Highlights

Group¹

- Turnover +8.1% to R168.0bn despite tough trading conditions
- Gross profit +10.6% to R41.2bn, with margin up +55bps to 24.5%. Gains were attributed to shift in sales mix (growth in Checkers), system-supported collaboration across the corporate teams driving improved buying, more effective promos due to Xtra Savings programme and ongoing supply chain efficiency gains
- Trading profit +24.9% to R10.3bn, margin 6.1% from 5.3% due to higher gross profit margin, growth in 'other operating income' +13.6% and contained expense growth +6.7%
- Diluted HEPS¹ +20.1% to 952.5 cps (incl. forex and hyperinflation adjustments). Full year dividend +42.0% to 544 cps

Shoprite Holdings FY2021 Financial Results Summary Table

Divisions ¹	Turnover (53 weeks)	Turnover Growth (53:52)	Turnover (52 weeks)	Turnover Growth (52:52)	Comparable Growth ³ (52:52)	Internal Price Inflation
Group	R168.0bn	8.1%	R164.5bn	5.9%	3.7%	–
Supermarkets RSA (incl. LiquorShop)	R133.9bn	9.3%	R130.9bn	6.9%	4.9%	3.8%
Supermarkets Non-RSA ¹	R15.5bn	-7.5% (+6.8% in constant currency)	R15.1bn	-9.5%	-10.7%	9.2%
Group Furniture	R6.8bn	24.6%	R6.7bn	22.1%	10.8%	–
Other Operating Segments ²	R11.9bn	10.0% (OK Franchise: +8.2% Transpharm and Medirite: +17.2%)	R11.8bn	9.2%	–	–

Note: ¹Data reported excludes the discontinued operation in Nigeria, Kenya, Madagascar and Uganda, data 53 weeks, unless otherwise stated | ²Data not reported | ³Other Operating Segments: OK Franchise, Computicket, Checkers Food Services, Medirite and Transpharm | ³Comparable growth removes the impact of new and closed stores

Supermarkets RSA (79.7% of Group Turnover)

- Turnover +9.3% to R133.9bn (excl. RSA LiquorShop: +9.7%), with +3.2% volume growth and 28 months of market share gains
- Private label participation up 120 bps to 18.3% of Supermarket RSA turnover
- Shoprite and Usave turnover: +8.8% to R72.6bn with Shoprite: +8.9% and Usave: +7.4%
- Checkers and Checkers Hyper turnover: +10.9% to R53.8bn with FreshX rollout and the expansion of Sixty60
- LiquorShop turnover +4.4% to R7.4bn. Stores completely closed for 144 trading days (FY2020: 66 days). Customer: visits -20.3%. Online: +151%. +2.5% market share gains reported. Opened +37 new stores to 537 stores with +47 confirmed for FY2022
- Expansion of Xtra Savings rewards programme to over 20 million members (Checkers: 7.6 million | Shoprite: 12.7 million)

Supermarkets Non-RSA (9.2% of Group Turnover)

- Turnover declined -7.5% to R15.5bn, +6.8% constant currency growth, continuingly impacted by currency devaluations
- Fourfold growth in trading profit to R307m. Division remains self-funded and under strict capital allocation

Shoprite Group Comment

"We are very optimistic about our opportunities in digital as well as our customer momentum while we have the focus to become Africa's number one retailer in terms of accessibility, affordability and innovation." *Pieter Engelbrecht, Shoprite Holdings CEO*