

## Shoprite Holdings' financial results for the 26 weeks ended 31 December 2023

### Trade Intelligence Comment

A solid performance from Shoprite as the Group continues to expand its presence in the SA market, reporting a remarkable 58th consecutive month of market share gains in a competitive trading environment. Although showing impressive sales growth from Supermarkets RSA (+14.6%), +8.3% of this is attributed to new store openings and acquisitions, while comparable sales growth was a more modest +6.3%, likely due to the constrained economic climate.

There were some impressive performances across the individual retailer banners: Checkers and Checkers Hyper at +13.7% and Shoprite and Usave at +13.1% (+7.8% excl. Massmart acquisition) as well as in some of the adjacent businesses such as Sixty60 at +63.1% and LiquorShop at +25.2% (+17.4% excluding Massmart acquisitions).

CEO Pieter Engelbrecht lauded the executional capabilities of "Team Shoprite" and was proud of their supply chain excellence, being able to maintain a 99% service level (in-stocks) for shoppers, enabling an increase in customer loyalty. The Group's private brand offer is also a point of great pride having achieved "national brand" status. However, there is concern around supply chain constraints and local manufacturers' lack of willingness to invest in production capabilities.

CEO Pieter Engelbrecht was cautiously optimistic about the Group's prospects for the second half of the year due to the anticipated lowering of inflation and the already absorbed Massmart stores in the base. He remains confident about the Group's strategy and structure, with a strong core, complemented by an extensive array of adjacent businesses, offering diverse income streams. Key strategic thrusts include investing in AI for data analytics, price modelling and personalisation as well as the Group's REX platform to monetise customer insights.

While he referred to Amazon as formidable, he is confident of the advantage Shoprite holds with over 500 stores nationwide serving as micro-fulfilment centres and is positive about the Group's long-term growth prospects as it strives to "build SA's largest, most profitable omnichannel retailer".

### Key Highlights

#### Group<sup>1</sup>

- **Turnover** +13.9% to R121.1bn – up +R14.8bn over the six months, supported by transactions: +6.9% and basket size: +6.4%. Reported item volume growth +5.1% in an inflationary environment
- **Gross profit** +14.8% to R28.6bn, margin slightly higher at 23.6% (HY2023: 23.5%) attributed to supply chain efficiencies
- **Other income** +1.8% to R2.1bn (+15.5% excl. insurance claim in HY2023). Commissions: +8.6% (incl. value-added services)
- **Trading profit** +10.7% to R6.7bn, margin 5.5% (HY2023: 5.7%). **Expenses** +14.8% to R24.7bn, incl. +14.2% employee benefits and R500m to run generators during load shedding
- Diluted **HEPS**<sup>4</sup> +7.6% to 621.4 cps. Interim **dividend** +7.7% to 267 cps (HY2023: 248 cps)

Shoprite Holdings HY2024 Financial Results Summary Table

Divisions <sup>1</sup>	Turnover	Turnover Growth	Comparable Growth <sup>3</sup>	Growth from New Stores	Internal Selling Price Inflation
<b>Group</b>	R121.1bn	13.9%	6.5%	7.4%	–
Supermarkets RSA (incl. LiquorShop)	R97.5bn	14.6% Excl. Massmart acquisition: +11.2%	6.3%	8.3%	7.7% FY2023: +10.1%
Supermarkets Non-RSA <sup>1</sup>	R10.6bn	6.2% Constant currency: +20.0%	4.8%	1.4%	8.8% (estimate)
Group Furniture	R4.0bn	1.7%	0.7%	1.0%	–
Other Operating Segments <sup>2</sup>	R9.0bn	23.1% Transpharm and Medirite: +18.5% Sales to OK Franchise: +25.0%	13.4%	9.7%	–

Note: 1. Excluding discontinued operations in DRC | 2. Other Operating Segments: OK Franchise, Transpharm, 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 (80.5% of Group Turnover)

- Turnover +14.6% to R97.5bn, +11.2% excl. 92 Massmart stores that were acquired and integrated into the operation
- Private brand contribution<sup>5</sup> maintained at 20.6% – filling gaps in the range
- Shoprite and Usave turnover: +13.1% to R49.5bn (+7.8% excl. Massmart acquisition). **Shoprite**: +13.2%, **Usave**: +12.3%
- **Checkers** and Checkers Hyper turnover: +13.7% to R38.5bn – opening +7 new stores over HY2024 to 306
  - **Sixty60**: +63.1% (FY2023: +81.5%), delivery from 505 stores (FY2023: 466 stores), *no contribution reported*
  - Footprint expansion continues: +22 **PetShop** Science (total: 75 stores), +2 Little Me **baby** stores (total: 11), +10 **UNIQ clothing** (total: 19) and +7 Checkers **Outdoor** (total: 15 stores)
- **LiquorShop** turnover +25.2% to R9.2bn (+17.4% excl. 40 Massmart stores), +43 new stores over HY2024 to 725 stores
- 35.2% of turnover from **promotions** (+2 percentage points). **Xtra Savings** membership: 29.4 million – R8.4bn instant savings

### Shoprite Group Comment

"We do multi-year investments, not once-offs, it's not a lucky break, here or there, it comes with a very clear, defined strategy that we execute on because we don't do a knee-jerk [reaction]." **Pieter Engelbrecht, Shoprite Holdings CEO**