

SHOPRITE HOLDINGS LIMITED
(Incorporated in the Republic of South
Africa) Registration no. 1936/007721/06
ISIN: ZAE000012084
JSE share code: SHP
NSX share code: SRH
LuSE share code: SHOPRITE
("the Group" or "the company")

TRADING STATEMENT FOR THE PERIOD ENDING 30 DECEMBER 2018

Following the operational update for the 26 weeks to December 2018, the Group is in the process of finalising its financial results for the period. After the adoption of IFRS 9 and IFRS 15, the effect of the impact of Hyperinflation accounting as well as the transition to moving average cost for the valuation of stock, the company is satisfied that a reasonable degree of certainty exists that the financial results for this period is likely to vary by at least 20% from the corresponding period.

The low turnover growth resulting from low food inflation, temporary stock availability challenges and currency devaluations combined with lower Non-RSA gross margins and inflexible expense growths have adversely affected profitability. Given the numerous once-off costs and challenging trading environment, the Group anticipates lower earnings per share ("EPS") and headline earnings per share ("HEPS") for the 26-week period ended 30 December 2018, falling within the ranges below:

| Including the hyperinflation adjustment | Estimated Dec 2018 (26 weeks) | Reported Dec 2017 (26 weeks) | Expected % change |
|--|--------------------------------------|-------------------------------------|--------------------------|
| Basic HEPS (cents) | 441.1 - 388.6 | 525.6 | -16% to -26% |
| Basic EPS (cents) | 421.6 - 369.5 | 521.3 | -19% to -29% |

| Excluding the hyperinflation adjustment | Estimated Dec 2018 (26 weeks) | Reported Dec 2017 (26 weeks) | Expected % change |
|--|--------------------------------------|-------------------------------------|--------------------------|
| Basic HEPS (cents) | 387.4 - 334.9 | 525.6 | -26% to -36% |
| Basic EPS (cents) | 369.9 - 317.8 | 521.3 | -29% to -39% |

Profitability in the Group's Non-RSA business suffered mainly as a result of the Angolan operation, where the 85% devaluation in the local currency against the dollar since the beginning of 2018 caused affordability challenges. The Group absorbed most of the price increases driven by higher import costs which simply could not be passed on to consumers given the current economic recession. Higher US dollar linked rentals in the Non-RSA operations also made local currency cost containment challenging.

In the Group's RSA business, the following factors impacted profitability:

- Deflation (the Group still had 10,719 items in deflation in December) in basic food categories in which the Group commands a higher than average market share.
- Supply constraints stemming from industrial action and the deployment of a new ERP IT system resulted in lost sales in the period. Additional labour costs were incurred to ensure our supply chain remained operational and brought up to full efficiency over the festive season.
- Adjustments relating to the change in accounting estimate between retail method of accounting and moving average cost impacted Gross Margin.
- Cost increases in rentals, electricity, security, transport and depreciation could not be curtailed in line with the lower than expected top line growth.

The Group remains positive about its operational strength, customer support for its brands and continues to make progress on its longer term strategic priorities. The transformational changes we made during the year-long migration to a new IT system were challenging, but the deployment has now been completed. January 2019 has seen the improved trading trend continue and we are confident of an improved second half as the impact of various once-offs continues to ease.

The above financial information, including estimated financial information, is the responsibility of the directors of Shoprite Holdings and has not been reviewed or reported on by the Group's auditors. The hyperinflationary adjustment has been prepared for illustrative purposes only. The consolidated financial results for the review period will be published on or about 26 February 2019.

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Date issued: 29 January 2019

Sponsor: Nedbank Corporate and Investment Banking