

SHOPRITE HOLDINGS: GROUP RESULTS FOR THE YEAR ENDED 30 JUNE 2019

SHOPRITE HOLDINGS LIMITED
 (Reg. No. 1936/007721/06)
 (ISIN: ZAE 000012084)
 (JSE Share code: SHP)
 (NSX Share code: SRH)
 (LuSE Share code: SHOPRITE)
 ("the Group")

Key information

	% change	52 weeks 2019	52 weeks 2018
Sale of merchandise (Rm)	3.6	150 395	145 104
Trading profit (Rm)	-14.3	6 876	8 024
Operating profit (Rm)	-8.2	6 911	7 527
Profit before income tax (Rm)	-13.7	6 339	7 347
Income tax expense (Rm)	-2.6	2 068	2 124
Profit for the year (Rm)	-18.2	4 271	5 223
Attributable to owners of the parent (Rm)		4 260	5 211
Attributable to non-controlling interest (Rm)		11	12
Basic headline earnings per share (cents)	-19.6	780.8	971.4
Basic earnings per share (cents)	-17.9	768.2	936.0
Dividend per share (cents)	-34.1	319.0	484.0

Pieter Engelbrecht, chief executive officer

Our core operations, Supermarkets RSA's sales growth of 4.9%, with like-for-like sales growth of 1.9%, is a performance significantly impacted by our well documented first half challenges. With the strike in the DC behind us, our team worked tirelessly to restore performance in the second half. It is pleasing to report that we ended the year with our final quarter's sales in Supermarkets RSA growing by 9.4%. Our in-stock levels are now higher than prior to our system implementation and without compromising on our low price leadership, we achieved a second half trading margin in Supermarkets RSA of 5.5%.

We've continued with our growth strategy to capture a larger share of the premium food segment through the ongoing Checkers repositioning. The number of Checkers stores in the new look FreshX format now totals 21. We are most pleased with returns from these upgrades and, therefore, our medium to long-term target of 80 stores in this format remains unchanged. Our focus on the core Shoprite and Usave customers, who we strive to serve with excellence daily, has remained strong as we continue to bring affordable food retail into the communities where our customers reside.

Notwithstanding the much improved recent performance in our core Supermarkets RSA division, which generates 74.9% of our sales and grew second half sales by 7.4%, it was a testing year. A constrained economy, inventory shortages post industrial action and the implementation of a new enterprise wide IT system across our store base resulted in lost sales. With affordability remaining the top priority for our customers, we unquestionably stood by our lowest price promise. Selling price inflation in our Supermarkets RSA division for the year measured only 1.2%, and similar to last year, we traded throughout the year with many items in key categories in deflation. At year-end, the number of products priced lower than last year measured at 9 679.

Ongoing forex shortages, currency devaluations and the aftermath of rampant inflation in Angola and its ongoing impact on affordability took a further toll on our Non-RSA business. Supermarkets Non-RSA reported a trading loss of R265 million for the year. Despite no foreseen respite in short-term trading conditions in the region, we are committed to our customers in the 14 Non-RSA countries in which we operate. We remain confident in the opportunity our entrenched position as Africa's leading food retailer will bring as the economic fortunes of the countries where we trade improve. Given the challenging global economic backdrop, we are remaining focused on growth opportunities in our home market, inclusive of our established African operations, rather than pursuing businesses in foreign geographies.

Social responsibility has and always will be a priority for the Group. Amongst many initiatives focused on improving the lives of our fellow South Africans, it is noteworthy that this year we sold a record of 53 million subsidised deli meals and 58 million loaves of brown bread, both for under R5. We also created a further 3 175 employment opportunities whilst improving our focus on sustainability and governance. I am pleased to be able to say that we have the right people, resources and plans in place to entrench and grow our leading food retail position, both in South Africa and on the rest of the African continent and, therefore, to grow our profitability over the long term.

Declaration of ordinary dividend

The board has declared a final dividend of 163 cents (2018: 279 cents) per ordinary share, payable to shareholders on Monday, 9 September 2019. The dividend has been declared out of income reserves. This brings the total dividend for the year to 319 cents (2018: 484 cents) per ordinary share. The last day to trade cum dividend will be Tuesday, 3 September 2019. As from Wednesday, 4 September 2019, all trading of Shoprite Holdings Ltd shares will take place ex dividend. The record date is Friday, 6 September 2019. Share certificates may not be dematerialised or rematerialised between Wednesday, 4 September 2019, and Friday, 6 September 2019, both days inclusive.

In terms of the Dividends Tax, the following additional information is disclosed:

1. The local dividend tax rate is 20%.
2. The net local dividend amount is 130.4 cents per share for shareholders liable to pay Dividends Tax and 163 cents per share for shareholders exempt from paying Dividends Tax.
3. The issued ordinary share capital of Shoprite Holdings Ltd as at the date of this declaration is 591 338 502 ordinary shares.
4. Shoprite Holdings Ltd's tax reference number is 9775/112/71/8.

About this announcement

This short-form announcement is the responsibility of the directors of Shoprite Holdings Ltd. It is only a summary of the information in the summary consolidated financial results and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based on consideration of the summary consolidated financial results published on the Stock Exchange News Service (SENS) and www.shopriteholdings.co.za as a whole.

The summary consolidated financial results have been released on the JSE (<https://senspdf.jse.co.za/documents/2019/jse/isse/SHP/ye2019.pdf>) and are also available for viewing at <https://www.shopriteholdings.co.za/content/>

dam/SENS/2019/YE2019-Aug2019.pdf. Copies of the summary consolidated financial results may be requested from the company secretary (cosec@shoprite.co.za, tel +27 (0) 21 980 4284) at PO Box 215, Brackenfell, 7561, South Africa.

By order of the board

CH Wiese	PC Engelbrecht
Chairman	Chief Executive Officer

Cape Town
20 August 2019