

SHOPRITE HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Reg. No. 1936/007721/06

ISIN: ZAE000012084

JSE Share code: SHP

NSX Share code: SRH

LuSE Share code: SHOPRITE

(“Shoprite Holdings” or “the Group”)

**OPERATIONAL UPDATE FOR THE SIX MONTHS ENDED 29 DECEMBER 2019**

For the six months to 29 December 2019 the Shoprite Group increased total sale of merchandise by 7.0% to approximately R81.2 billion. The Group’s supermarket business grew customer visits by 2.1% and product volumes by 4.4%.

On a segmental basis, approximate sales for the six months to December 2019 were as follows:

	H1 Sales	Q1 ended Sep 2019	Q2 ended Dec 2019	H1 Total Dec 2019
<b>Supermarkets RSA</b>	<b>R61.7bn</b>	<b>10.3%</b>	<b>9.4%</b>	<b>9.8%</b>
<b>Supermarkets Non-RSA</b>	<b>R10.8bn</b>	<b>-4.9%</b>	<b>-1.5%</b>	<b>-3.1%</b>
<b>Furniture</b>	<b>R3.3bn</b>	<b>-0.2%</b>	<b>-4.5%</b>	<b>-2.7%</b>
<b>Other operating segments</b>	<b>R5.4bn</b>	<b>6.4%</b>	<b>2.6%</b>	<b>4.4%</b>
<b>Total operating segments</b>	<b>R81.2bn</b>	<b>7.3%</b>	<b>6.7%</b>	<b>7.0%</b>

The following provides context to the overall sales growth for the six months:

- The Group’s core business, Supermarkets RSA, achieved sales growth of 9.8% for the period.
  - Internal selling price inflation moderated from 3.0% during the first quarter to 2.4% in the second quarter, resulting in internal selling price inflation of 2.7% for the six months.
  - All three supermarket brands, Shoprite, Checkers and Usave, traded well in a tough market.
  - Liquor sales remained strong, with sales growing 20.5%.
- Supermarkets Non-RSA recorded a decline in sales of 3.1% in rand terms.
  - We have continued to experience ongoing currency devaluations and volatility in key markets in which we trade. The Angolan kwanza weakened by 40.6% against the US dollar since June 2019. During the reporting period, the Angolan kwanza, Zambian kwacha and Nigerian naira depreciated 40.4%, 20.8% and 18.2% respectively against the US dollar when compared to the previous year.
  - Constant currency growth measured 4.8%.
- The Furniture Division’s sales declined 2.7% for the six months to 29 December 2019, impacted by a reduction in the store base of 13 net stores over the period; load shedding in South Africa and currency devaluations in certain Non-RSA countries.

- Other operating segments which include OK Franchise, Computicket, MediRite Pharmacies, Transpharm and Checkers Food Services grew sales by 4.4%. The period included a 6-week strike in Transpharm, the Group's pharmaceutical wholesale business. OK Franchise's growth for the six months to 29 December 2019 measured 7.5%.

For the six months to 29 December 2019 the Group added a net 66 stores to its supermarket business to end the period with 1 911 stores. Franchise added a net 10 stores to end December with 470 stores.

Shareholders are advised that this update does not constitute an earnings forecast. The figures and information contained herein have not been reviewed or reported on by the Group's auditors.

The Group's interim results for the six months ended 29 December 2019 are scheduled for release on SENS on or about 25 February 2020.

#### PRO FORMA FINANCIAL INFORMATION

##### Impact of Angola hyperinflation adjustment in comparative period

For the comparative period ended 30 December 2018, the Angolan economy was assessed to be hyperinflationary. As such, it required the application of hyperinflation accounting.

For the six months ended 29 December 2019, the Angolan economy was assessed not to be hyperinflationary. As such, the current period's results do not require the application of hyperinflation accounting.

In order to facilitate the comparison of the current period's results, the table below outlines the pro forma financial information for the comparative prior period, excluding the impact of hyperinflation.

The financial impact of hyperinflation on the prior period's turnover was as follows:

	Pro Forma	Reported		Pro Forma	
	Change on prior period	Change on prior period	26 weeks to 30 December 2018	Hyperinflation adjustment	26 weeks to 30 December 2018
	%	%	Rm	Rm	Rm
Total turnover	6.96	<b>7.01</b>	<b>75 837</b>	30	75 867

The above pro forma financial information is the responsibility of the directors of Shoprite Holdings and has been prepared for illustrative purposes only.

Pieter Engelbrecht  
Chief executive officer

Anton de Bruyn  
Chief financial officer

Natasha Moolman  
Group investor relations

Tel 021 980 4000

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