

INTERIM RESULTS

for the 6 months ended 31 December 2002



Dividend growth: 27.3%
Number of outlets: 629

Registration Number 1936/007721/06
(Incorporated in the Republic of South Africa)
JSE share code: SHP
NSX share code: SRH
ISIN no: ZAE 000012804

Group Income Statement

| R'000 | Unaudited 6 months to 31/12/02 | % Change | Unaudited 6 months to 31/12/01 | Audited 12 months to 30/06/02 |
|---|--------------------------------------|-------------|--------------------------------------|-------------------------------------|
| Revenue | 12 694 044 | 15.6 | 10 981 520 | 22 109 797 |
| Sale of merchandise | 12 628 571 | | 10 920 776 | 21 984 955 |
| Gross profit | 1 717 683 | | 1 483 447 | 3 291 988 |
| Operating profit before exchange (losses) / gains | 269 369 | 35.6 | 198 630 | 497 843 |
| Exchange (losses) / gains | (61 021) | | 51 705 | 24 314 |
| Operating profit before exceptional items | 208 348 | -16.8 | 250 335 | 522 157 |
| Exceptional items | 48 034 | | 41 602 | 39 287 |
| Operating profit after exceptional items | 256 382 | -12.2 | 291 937 | 561 444 |
| Investment income | 17 053 | | 13 952 | 34 061 |
| Finance costs | 17 600 | | 16 455 | 47 465 |
| Profit before tax | 255 835 | -11.6 | 289 434 | 548 040 |
| Tax | 68 804 | -3.1 | 70 988 | 151 295 |
| Profit after tax | 187 031 | -14.4 | 218 446 | 396 745 |
| Minority interest | 3 125 | | 6 313 | (8 148) |
| Net profit | 183 906 | -13.3 | 212 133 | 404 893 |
| Headline earnings per share (cents) | 26,9 | -17.5 | 32,6 | 72,1 |
| Diluted headline earnings per share (cents) | 26,8 | -17.8 | 32,6 | 71,8 |
| Core earnings per share (cents) | 35,5 | 40.3 | 25,3 | |
| Diluted core earnings per share (cents) | 35,3 | 39.5 | 25,3 | |
| Earnings per share (cents) after exceptional items | 36,2 | -10.4 | 40,4 | 78,4 |
| Diluted earnings per share (cents) after exceptional items | 36,0 | -10.9 | 40,4 | 78,0 |
| Proposed distribution to shareholders (cents per share) | 14,0 | 27.3 | 11,0 | 25,5 |
| Dividend cover (times) | 1,9 | | 3,0 | 2,8 |
| Number of ordinary shares ('000) used for calculation of: | | | | |
| earnings per share | 507 761 | | 525 620* | 516 764* |
| diluted earnings per share | 511 112* | | 525 620* | 519 042* |
| (*weighted average) | | | | |

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Group Balance Sheet

| R'000 | Unaudited 31/12/02 | Unaudited 31/12/01 | Audited 30/06/02 |
|--------------------|-----------------------|-----------------------|---------------------|
| ASSETS | | | |
| Non-current assets | 1 854 496 | 1 614 665 | 1 746 673 |

| | | | |
|-------------------------------------|------------------|-----------|-----------|
| Property, plant and equipment | 1 721 657 | 1 520 795 | 1 630 835 |
| Investments | 109 099 | 88 278 | 115 748 |
| Deferred tax assets | 250 415 | 335 187 | 303 128 |
| Negative goodwill | (251 400) | (329 595) | (303 038) |
| Goodwill | 24 725 | - | - |
| Current assets | 5 589 679 | 4 981 071 | 4 469 220 |
| Inventories | 2 733 605 | 2 466 856 | 2 250 278 |
| Trade and other receivables | 1 784 532 | 1 608 205 | 1 482 791 |
| Cash and cash equivalents | 1 071 542 | 906 010 | 736 151 |
| Total assets | 7 444 175 | 6 595 736 | 6 215 893 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | 1 569 739 | 1 322 551 | 1 459 458 |
| Minority interest | 25 836 | 47 943 | 30 714 |
| Non-current liabilities | 227 290 | 263 027 | 236 832 |
| Interest bearing borrowings | 2 450 | 2 450 | 2 450 |
| Deferred tax liabilities | 3 975 | 2 918 | 4 006 |
| Provisions | 220 865 | 257 659 | 230 376 |
| Current liabilities | 5 621 310 | 4 962 215 | 4 488 889 |
| Other current liabilities | 5 621 310 | 4 962 215 | 4 457 659 |
| Bank overdraft | - | - | 31 230 |
| Total equity and liabilities | 7 444 175 | 6 595 736 | 6 215 893 |

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Reconciliation of Headline Earnings

| R'000 | Unaudited 6 months to 31/12/02 | Unaudited 6 months to 31/12/01 | Audited 12 months to 30/06/02 |
|---|--------------------------------------|--------------------------------------|-------------------------------------|
| Net profit attributable to shareholders | 183 906 | 212 133 | 404 893 |
| Exceptional items after tax | | | |
| Profit on disposal of property | - | - | (11 139) |
| Impairment of buildings | - | - | 15 469 |
| Write down of unlisted investment | - | - | 23 781 |
| Amortisation of negative goodwill | (51 638) | (42 762) | (69 319) |
| Write-off of goodwill | 3 604 | - | - |
| Payment for lease cancellation | - | 1 160 | 2 032 |
| Prescription of amounts owing | - | - | (111) |
| Other items after tax | | | |
| Loss on disposal and scrapping of plant and equipment | 856 | 1 023 | 6 850 |
| Headline earnings | 136 728 | 171 554 | 372 456 |
| Exchange losses / (gains) after tax | 43 709 | (38 453) | |
| Core earnings | 180 437 | 133 101 | |

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Group Cash Flow Statement

| R'000 | Unaudited 6 months to 31/12/02 | Unaudited 6 months to 31/12/01 | Audited 12 months to 30/06/02 |
|------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| Cash generated by operations | 790 635 | 779 248 | 1 033 855 |
| Net finance costs | (547) | (2 503) | (14 681) |

| | | | |
|---|-----------|-----------|-----------|
| Dividends received | - | - | 1 277 |
| Dividends paid | (74 078) | (59 783) | (128 705) |
| Tax paid | (33 207) | (18 772) | (55 043) |
| Cash flows from operating activities | 682 803 | 698 190 | 836 703 |
| Cash flows from investing activities | (317 545) | (283 253) | (622 855) |
| Purchase of property, plant and equipment | (242 707) | (283 149) | (578 977) |
| Acquisition of further interest in subsidiaries | (11 091) | - | - |
| Acquisition of subsidiary / operation | (64 386) | - | - |
| Other investment activities | 639 | (104) | (43 878) |
| Net cash flow | 365 258 | 414 937 | 213 848 |
| Cash flows from financing activities | - | (470 747) | (470 747) |
| Acquisition of treasury shares | - | (453 373) | (453 373) |
| Interest bearing borrowings repaid | - | (17 374) | (17 374) |
| Movement in cash and cash equivalents | 365 258 | (55 810) | (256 899) |
| Acquired through acquisition of subsidiary | 1 363 | - | - |
| Net movement in cash and cash equivalents | 366 621 | (55 810) | (256 899) |

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Segment Information

| R'000 | Unaudited 6 months to 31/12/02 | Unaudited 6 months to 31/12/01 | Audited 12 months to 30/06/02 |
|--|--------------------------------------|--------------------------------------|-------------------------------------|
| REVENUE – by business segment | | | |
| - Supermarkets | 12 002 459 | 10 612 062 | 21 469 405 |
| - Furniture* | 691 585 | 369 458 | 640 392 |
| Total revenue | 12 694 044 | 10 981 520 | 22 109 797 |
| OPERATING PROFIT – by business segment | | | |
| - Supermarkets | 153 796 | 214 315 | 467 364 |
| - Furniture* | 54 552 | 36 020 | 54 793 |
| Total operating profit | 208 348 | 250 335 | 522 157 |

*House & Home, which up to that stage formed part of Hyperama, was placed under the operational and administrative control of OK Furniture during the second half of the previous financial year. As House & Home and Supermarkets operated as a single business unit, it was not at that point possible to separate their results in a meaningful way. A complete separation of the different business units was, however, effected from 1 July 2002 and the following information relating to House & Home are included in the results of the furniture segment from this date:

| | |
|-------------------|---------|
| Revenue: | 281 841 |
| Operating profit: | 15 846 |

Supplementary Information

| R'000 | Unaudited 31/12/02 | Unaudited 31/12/01 | Audited 30/06/02 |
|---|-----------------------|-----------------------|---------------------|
| 1. Depreciation for the period | 169 765 | 154 550 | 327 556 |
| 2. Capital commitments | 109 017 | 148 139 | 160 603 |
| 3. Contingent liabilities | 124 099 | 160 859 | 116 225 |
| 4. Net asset value per share (cents) | 309 | 260 | 287 |
| 5. Total number of shares in issue ('000) | 507 761 | 507 761 | 507 761 |

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Statement of Changes in Equity

| R'000 | Unaudited 6 months to 31/12/02 | Unaudited 6 months to 31/12/01 | Audited 12 months to 30/06/02 |
|---------------------------------------|---|--------------------------------------|-------------------------------------|
| Balance at 1 July | 1 459 458 | 1 444 966 | 1 444 966 |
| Acquisition of treasury shares | - | (274 765) | (274 765) |
| Net profit for the period | 183 906 | 212 133 | 404 893 |
| Dividends distributed to shareholders | (73 625) | (59 783) | (115 636) |
| Balance at 31 December / 30 June | 1 569 739 | 1 322 551 | 1 459 458 |

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Comments on the results

1. In the period under review Shoprite increased turnover by 15.6% to R12,694 billion and its operating profit margin before exchange rate differences from 1.8% to 2.1%.
2. Shoprite's operations elsewhere in Africa contributed 10.8% (2001: 9.7%) or R1,2 billion to the turnover of the Supermarket Division. The group started doing business in Madagascar and Mauritius in the period under review and now has 62 stores in operation beyond the borders of South Africa.
3. Operating profit before exchange rate fluctuations increased by 35.6% from R199 million to R269 million, mainly due to effective management. The strengthening of the rand, however, resulted in a largely unrealised exchange loss of R61 million in the group's operations (as against a largely unrealised exchange profit of R51,7 million in the previous year). These exchange fluctuations accordingly caused operating profit to drop by 16.8% to R208,3 million. If the unrealised exchange rate fluctuations are excluded in both years, the growth in core earnings is 40.3% with earnings of 35,5 cents per share .
4. Progress has been made with stockholding, which decreased in real terms if food inflation and the opening of new branches are taken into account. Other balance sheet items show
5. Exceptional items consist mainly of the amortisation of negative goodwill.
6. Goodwill in the balance sheet relates to the purchase of operations, subsidiaries, and further interests in subsidiaries, and is amortised over the useful life.
7. The dispute between the group and SAB arising from the acquisition of OK Bazaars has still not been settled.

Prospects

The board is of the opinion that results will continue to be satisfactory over the next six months. In addition to the prospect of a lower rate of inflation there are many factors influencing a forecast. Food inflation is still higher than the average salary increases, so that consumer spending is expected to remain under pressure. The situation can change significantly, however, as the increase in minimum wages begins to filter through into the economy and if the Minister of Finance once again makes tax concessions benefiting the lower-income groups in particular.

Dividend

The board has declared an interim dividend of 14 cents (2002: 11 cents) per share, payable to shareholders on 17 March 2003. The last day to trade cum dividend will be 7 March 2003. As from 10 March 2003 all trading of Shoprite Holdings Ltd shares will take place ex dividend. The record date is 14 March 2003.

Share certificates may not be dematerialised or rematerialised between Monday, 10 March 2003 and Friday, 14 March 2003, both days inclusive.

Accountability

The main principles in the accounting policies adopted in preparing the interim consolidated financial statements comply with the Statements of Generally Accepted Accounting Practice in South Africa and are consistent with those applied for the year ended

30 June 2002, with the following exceptions:

- With the coming into operation of a new accounting statement AC 133, Financial Instruments: Recognition and Measurement, all relevant transactions, assets and liabilities are accounted for in terms of AC 133.
- In terms of SAICA Circular 7/2002, which replaces AC 306, Headline Earnings, the group's headline earnings are now calculated after all capital income statement items have been taken into account.

The application of the above-mentioned had no material effect on the group's results.

By order of the Board

C H Wiese
Chairman

J W Basson
Chief Executive

17 February 2003

Directorate and administration

Executive Directors:

J W Basson (Chief Executive), C G Goosen (Deputy Managing Director),
S U M Martinengo, B Rogut, B Weyers, A N van Zyl, B Harisunker

Non-executive Directors:

C H Wiese (Chairman), J A Louw, J J Fouché, T R P Hlongwane,
J F Malherbe, J G Rademeyer

Company Secretary:

AN van Zyl

Registered Office:

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