

SHOPRITE INTERIM PROFIT FOR THE SIX MONTHS ENDED 31 DECEMBER 1999

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SHOPRITE HOLDINGS LIMITED
 (REGISTRATION NO 05/07721/06)

INTERIM PROFIT ANNOUNCEMENT FOR THE 6 MONTHS ENDED 31 DECEMBER 1999

HEADLINE EARNINGS GROWTH 16,2% - NUMBER OF OUTLETS: 512

CONSOLIDATED INCOME STATEMENT

	UNAUDITED 6 MONTHS TO 31/12/99	UNAUDITED 6 MONTHS TO 31/12/98	% CHANGE	AUDITED 12 MONTHS TO 30/06/99
R'000				
TURNOVER	9 342 234	8 789 375	6,3	17 245 920
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	154 056	124 621	23,6	125 921
EXCEPTIONAL ITEMS	138	804		(1 345)
OPERATING PROFIT AFTER EXCEPTIONAL ITEMS	154 194	125 425	22,9	124 576
INVESTMENT INCOME	42 682	37 010	15,3	116 422
FINANCE CHARGES	34 169	22 752	50,2	102 641
PROFIT BEFORE TAXATION	162 707	139 683	16,5	138 357
TAXATION	10 422	7 834	33,0	19 631
PROFIT AFTER TAXATION	152 285	131 849	15,5	118 726
OUTSIDE SHAREHOLDERS'				
INTEREST	3 692	3 224		4 416
NET PROFIT	148 593	128 625	15,5	114 310
HEADLINE EARNINGS PER SHARE (CENTS)	27,3	23,5	16,2	21,3
EARNINGS PER SHARE (CENTS) AFTER				
EXCEPTIONAL ITEMS	27,3	23,7	15,2	21,0
DISTRIBUTION TO SHAREHOLDERS (CENTS PER SHARE)	8,5	7,5	13,3	14,0
DIVIDEND COVER (TIMES)	3,2	3,1		1,5
NUMBER OF ORDINARY SHARES ('000) USED				
FOR CALCULATION OF EARNINGS PER SHARE	543 479	543 479		543 479
CONSOLIDATED BALANCE SHEET				
(R'000)	UNAUDITED 31/12/99	UNAUDITED 31/12/98		AUDITED 30/06/99
NON-CURRENT ASSETS	1 401 548	1 580 577		1 274 401
FIXED ASSETS	1 267 852	1 068 731		1 138 431
INVESTMENTS	133 696	511 846		135 970
CURRENT ASSETS	4 433 376	3 717 152		3 879 544
INVENTORIES	2 280 040	2 174 354		2 083 302
ACCOUNTS RECEIVABLE	1 261 513	1 201 057		1 265 478
BANK BALANCES AND CASH	891 823	341 741		530 764
TOTAL ASSETS	5 834 924	5 297 729		5 153 945
ORDINARY SHAREHOLDERS'				
FUNDS	1 200 193	1 115 312		1 092 100
OUTSIDE SHAREHOLDERS'				
INTEREST	28 740	24 825		25 048
NON-CURRENT LIABILITIES	467 740	582 817		441 678
INTEREST-BEARING DEBT	71 349	128 646		66 510
OTHER NON-CURRENT LIABILITIES	393 626	451 787		372 403

DEFERRED TAXATION	2 765	2 384	2 765
CURRENT LIABILITIES	4 138 251	3 574 775	3 595 119
INTEREST-BEARING DEBT	27 312	577 112	283 092
OTHER CURRENT LIABILITIES	4 110 939	2 997 663	3 312 027
TOTAL EQUITY AND LIABILITIES	5 834 924	5 297 729	5 153 945
CONSOLIDATED CASH FLOW STATEMENT			
	UNAUDITED	UNAUDITED	AUDITED
	6 MONTHS TO	6 MONTHS TO	12 MONTHS TO
(R'000)	31/12/99	31/12/98	30/06/99
CASH GENERATED BY			
OPERATIONS	866 487	127 755	530 613
NET INVESTMENT INCOME	5 975	6 753	1 733
DIVIDENDS RECEIVED	2 538	7 505	12 048
DIVIDENDS PAID	(36 440)	(40 887)	(81 536)
CASH FLOW FROM OPERATIONS	838 560	101 126	462 858
INVESTMENT ACTIVITIES	(226 560)	(335 280)	(151 833)
ACQUISITION OF FIXED ASSETS	(234 530)	(185 776)	(373 024)
OTHER INVESTMENT ACTIVITIES	7 970	(149 504)	221 191
NET CASH FLOW	612 000	(234 154)	311 025
FINANCING ACTIVITIES	(250 941)	531 952	175 796
NET MOVEMENT IN DEBT	(250 941)	531 952	175 796
MOVEMENT IN BANK BALANCES AND CASH	361 059	297 798	486 821
SUPPLEMENTARY INFORMATION			
	UNAUDITED	UNAUDITED	AUDITED
	6 MONTHS TO	6 MONTHS TO	12 MONTHS TO
(R'000)	31/12/99	31/12/98	30/06/99
1. DEPRECIATION FOR THE PERIOD	104 599	81 321	189 416
2. DIVIDENDS RECEIVED (INCLUDED IN INVESTMENT INCOME)	2 538	7	12 048
3. CAPITAL EXPENDITURE FOR THE PERIOD	234 530	185 776	373 024
IN 31/12/99 31/12/98			
IN 30/06/99			
4. CAPITAL COMMITMENTS	73 847	61 795	71 330
5. INVESTMENTS:			
UNLISTED - AT COST AND DIRECTORS' VALUATION	130 425	508 575	132 699
LISTED - AT COST	3 271	3 271	3 271
- AT MARKET VALUE	6 284	12 713	6 141
6. CONTINGENT LIABILITIES	452 279	683	412 358
7. NET ASSET VALUE PER SHARE (CENTS)	221	205	201

COMMENTS ON THE RESULTS

1. DESPITE TIGHT TRADING CONDITIONS ALL THE DIVISIONS IN THE GROUP PRODUCED SATISFACTORY RESULTS DURING THE PERIOD UNDER REVIEW. THE INCREASE OF 6% IN TURNOVER MUST BE VIEWED AGAINST THE BACKGROUND OF THE ONGOING RATIONALISATION SINCE THE OK TAKEOVER, WHICH LED TO THE CLOSING OF 27 SUPERMARKETS IN THE 1999 CALENDAR YEAR AND THE REDUCTION OF CERTAIN PRODUCT RANGES.

2. THE INCREASE OF 24% IN OPERATING PROFIT ON A 6% INCREASE IN TURNOVER SHOWS THAT THE BENEFITS OF THE RATIONALISATION OF OK'S OPERATIONS AND THE TIGHTENING OF INTERNAL DISCIPLINES ARE BEGINNING TO BE REFLECTED IN THE GROUP'S RESULTS. DURING THE PERIOD UNDER REVIEW STOCK SHRINKAGE THROUGHOUT THE GROUP WAS LOWER THAN IN THE CORRESPONDING PERIOD, WHEN SHRINKAGE WAS WITHIN ACCEPTABLE

PARAMETERS.

3. THE DECREASE IN NET INVESTMENT INCOME AS COMPARED WITH THE CORRESPONDING PERIOD IS ATTRIBUTABLE TO THE AGGRESSIVE CONVERSION PROGRAMME AND THE ATTENDANT CAPITAL EXPENDITURE INCURRED IN THE CASE OF OK STORES. THIS PROGRAMME HAS VIRTUALLY BEEN COMPLETED AND WILL BE FOLLOWED BY A RENOVATION PROGRAMME FOR THE HYPERAMA STORES AS A MATTER OF HIGH PRIORITY.

4. THE LOW TAX ASSESSMENT IS DUE TO THE LARGE ASSESSED LOSSES STILL AVAILABLE TO THE GROUP. THE TAX PAYABLE IS MADE UP MAINLY OF STC AND TAX DUE BY PARTNERSHIP VENTURES IN THE GROUP.

5. THE SHARP DECREASE IN INVESTMENTS AS SHOWN IN THE BALANCE SHEET REFLECTS THE BOARD DECISION AT THE END OF THE 1999 FINANCIAL YEAR TO FINANCE THE LOAN TO THE SHARE INCENTIVE TRUST FROM EXTERNAL SOURCES. THE GROUP, HOWEVER, STILL GUARANTEES THE LOAN TO THE TRUST.

6. THE OUTCOME IN THE DISPUTE BETWEEN THE GROUP AND SAB IN RESPECT OF THE GUARANTEE GIVEN BY SAB IN REGARD TO THE NET ASSET VALUE OF OK BAZAARS IS NOT YET KNOWN. THEREFORE, FOR REASONS OF PRUDENCE, NO PROVISION HAS BEEN MADE IN THE STATEMENTS FOR INTEREST RECEIVABLE FROM SAB.

7. THE GROUP HAS NOT CREATED A DEFERRED TAX ASSET OUT OF THE TAX LOSS OBTAINED WITH THE TAKEOVER OF OK BAZAARS. SUCH AN ASSET WOULD RESULT IN NEGATIVE GOODWILL, AND PRESENT GENERALLY ACCEPTED ACCOUNTING PRACTICE DOES NOT ALLOW THE CREATION OF NEGATIVE GOODWILL IN LATER YEARS.

8. THE ABNORMAL STOCK LOSSES AT THE END OF THE 1999 FINANCIAL YEAR LED TO A SERIES OF WIDESPREAD ACTIONS WHICH RESULTED, INTER ALIA, IN MORE THAN 600 ARRESTS IN CONNECTION WITH THESE IRREGULARITIES. IN ADDITION, PERSONS WHO ALLEGEDLY TOOK DELIVERY OF SOME OF THE STOLEN GOODS, ARE BEING PROSECUTED.

YEAR 2000 COMPLIANCE

NO MATERIAL PROBLEMS HAVE BEEN EXPERIENCED IN SWITCHING OVER TO THE YEAR 2000, SO THAT THE GROUP'S OPERATIONS HAVE NOT BEEN AFFECTED IN ANY WAY.

PROSPECTS

THE BOARD EXPECTS THAT THE SATISFACTORY RESULTS OF THE FIRST SIX MONTHS WILL BE REPEATED IN THE SECOND HALF OF THE YEAR. ONE OF THE GROUNDS FOR THIS EXPECTATION IS THE FACT THAT SPENDING SHOULD BE STIMULATED BY THE CURRENT INCREASE IN CONSUMER CONFIDENCE.

DIVIDEND

IT IS ENVISAGED THAT AN INTERIM DIVIDEND OF 8,5 CENTS (1998 - 7,5 CENTS) PER SHARE WILL BE DECLARED BEFORE THE END OF MARCH 2000.

BY ORDER OF THE BOARD

CH WIESE JW BASSON
CHAIRMAN MANAGING DIRECTOR

21 FEBRUARY 2000

C/O WILLIAM DABS AND OLD PAARL ROADS
BRACKENFELL

A MEMBER OF THE PEPKOR GROUP

THIS INFORMATION IS ALSO AVAILABLE ON THE INTERNET AT:

[HTTP://WWW.SHOPRITE.CO.ZA](http://www.shoprite.co.za)

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