SHOPRITE HOLDINGS LTD

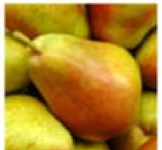
Shoprite Holdings Limited

Financial Results – June 2005

Size of Operation

	Jun 2005
Sales	R30 bn
Owned outlets	763
Franchise outlets	251
Countries	17
Employees	61,000

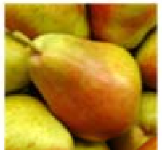


Financial Results

Year ended	30 June 2004 (52 weeks)	30 June 2005 (53 weeks)
Revenue (Rm)	27 168	30 328
Revenue Growth (%)	7,5	11,6
Operating Profit (Rm)	714	912
Operating Profit Growth (%)	17,5	27,8
Operating Margin (%)	2,7	3,1
Adjusted Diluted Headline EPS (cents)	92.9	115,6
Adjusted Diluted Headline EPS Growth (%)	15,4	24,4
Dividend per Share (cents)	36	50
Dividend Cover (times)	2,2	2,3



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Highlights of Results

- Gross margin maintained
  - Competitive market
  - Low food inflation

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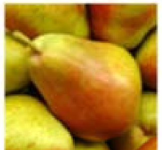
Highlights of Results

- Other operating income decreased 3.3%

  Made up as follows:

	% increase / (decrease)	To R'm
Commission received	38,1	67,0
Finance income earned	(3,8)	164,8
Franchise fees received	(5,2)	18,8
Operating head-lease income	(15,2)	184,9
Net premiums earned	24,6	147,2
Sundry income	(24,5)	92,8



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Highlights of Results

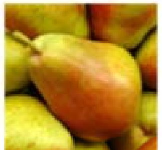
- Depreciation increased 18.90%
  - Increased spend on revamps and new branches
- Operating Leases increased 1.24%
  - Cancellation and maturing of head-leases
- Staff cost increased 12.14%
  - Adjusted increase 9.8%
  - Productivity increased




Highlights of Results

- Operating profit increased 27.84% above revenue growth of 11.63%
  - Efficient collaboration with suppliers
  - Confirmed growth in financial services
  - Decrease in uneconomical leases
  - Decrease in non-RSA operation



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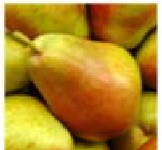
Highlights of Results

- Exchange losses reduced by R85.4m
  - Rand to US Dollar exchange rates
    - June 2003 R7.61
    - June 2004 R6.35
    - June 2005 R6.73
- Exceptional items R'm
  - 2004 Negative goodwill (150)
  - 2005 Impairment of goodwill 26
    Impairment of Non-RSA investments 48
    Profit Canal Walk (18)



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Highlights of Results

- Net investment income
  - Maintained positive cash flow
  - Lower interest rates
- Taxation

Taxation	R'm
– Normal	292,3
– STC	27,2
– Deferred	3,8
– Total	323,3

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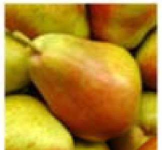
Highlights of Results

- Capital expenditure

	R'm
– Land & Buildings	206,2
– Store Refurbishment	391,2
– New Stores	155,5
– Information Technology	63,3
– Other Replacements *	107,4
– Total	923,6

* Distribution Centres, Motor Vehicles & Office Furniture



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Highlights of Results

- Inventory
  - Same level as June 2004 against a sales growth of 11.6%
  - Improve stock turn on own distribution to 27 times, R400m reduction
- Cash balances vs Trade Creditors
  - Reductions due to balance sheet closing date
  - Restructuring of funding
  - Income tax payments

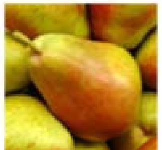



Highlights of Results

- Debtors

	2004 R'm	2005 R'm
Furniture	696	709
Franchise	314	217
Buy aid organisations	190	175
Other receivables	427	538
Total	1,627	1,639



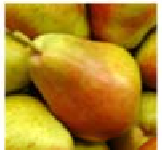



Highlights of Results

- Cashflow reconciliation for the year

	R'm
Cash at June 2004	1,128
Cash from operations	1,430
Changes in working capital	(652)
Net Finance income	22
Dividends paid	(213)
Tax paid	(509)
Purchase of fixed assets & other investments	(811)
Other	14
Cash at June 2005	409

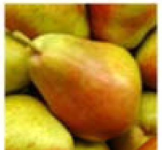


RSA: Supermarkets

- Sales Statistics
  - Boerewors: Enough to stretch from CapeTown to Cairo to Mumbai to Cape Town
  - Coke: Enough to fill 43 Olympic size swimming pools
  - All Gold Tomato Sauce: Totalling more than 187m tomatoes (36 per bottle!)
  - Nappies: Enough to supply all the babies in SA for 14 days
  - Washing powder: 300m loads washed per year
  - Dairy: 24,000 cows working fulltime for Shoprite per year



RSA: Supermarkets

- Sales growth of 12.6%
- Food inflation of 1.34%, but internal deflation 0.65% (top 80% of lines)
- Basket size growth of 4.2%
- Customer count growth of 8.5%
- Shoppers preferring Group’s stores increased from 74.4% to 85.8% (source: AC Nielsen)

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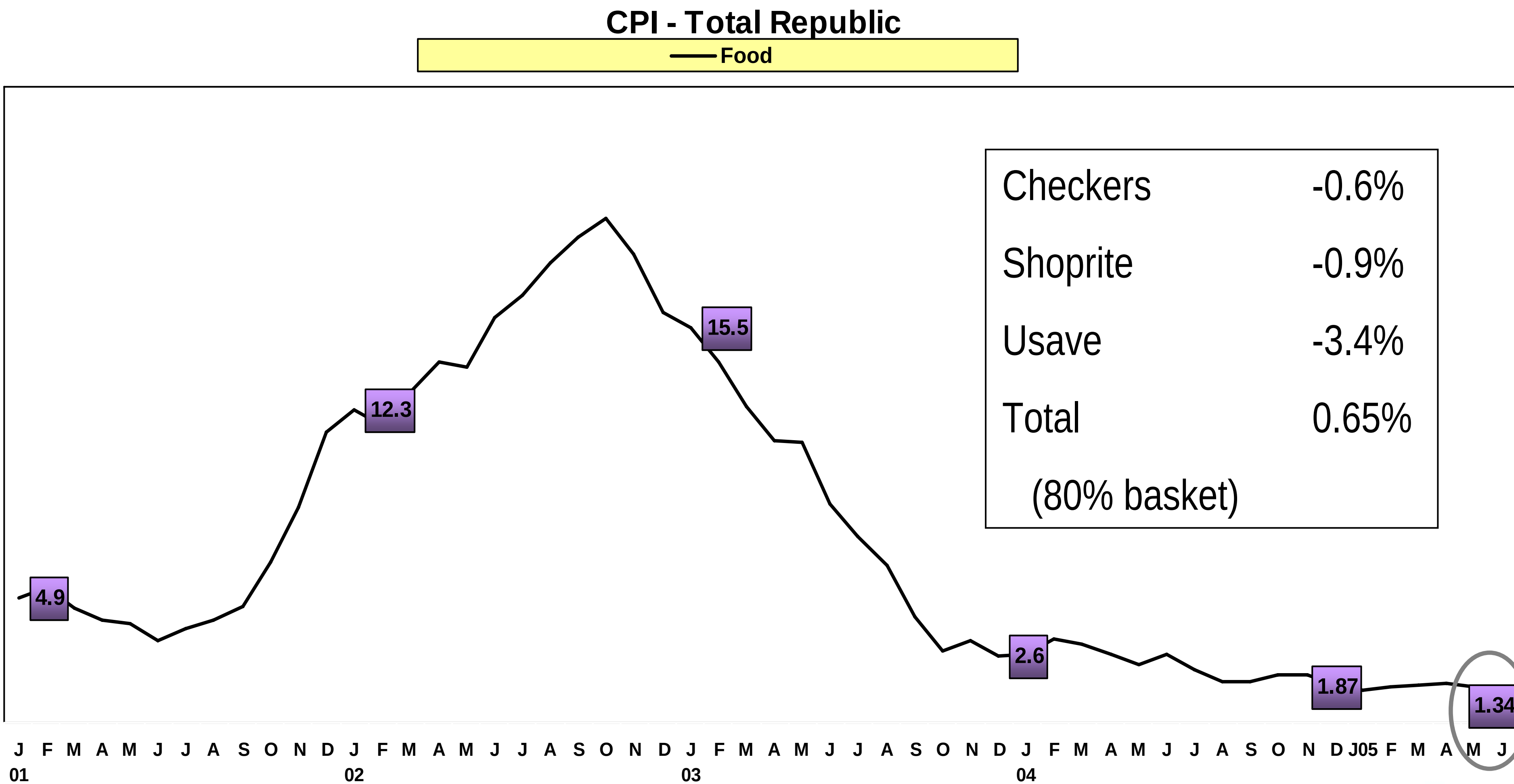
Food Inflation



Statistics South Africa

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Internal Food Deflation

- Top 5 Deflation categories:

Category	% Deflation	Item e.g.	SP Jun04	SP Jun05	%
Maize	-25%	5 Star 12,5kg	R29.99	R16.89	-44%
Oil	-17%	Housebrand Sunflower Oil 5L	R39.59	R25.99	-34%
Chicken	-17%	Tydstroom Frozen Heads & Feets 1 kg	R7.99	R6.99	-13%
Wheat	-15%	Golden Cloud Semolina 500g	R4.49	R2.19	-51%
Cereal	-10%	Nature Source Morning Oats 1kg	R12.69	R10.79	-15%

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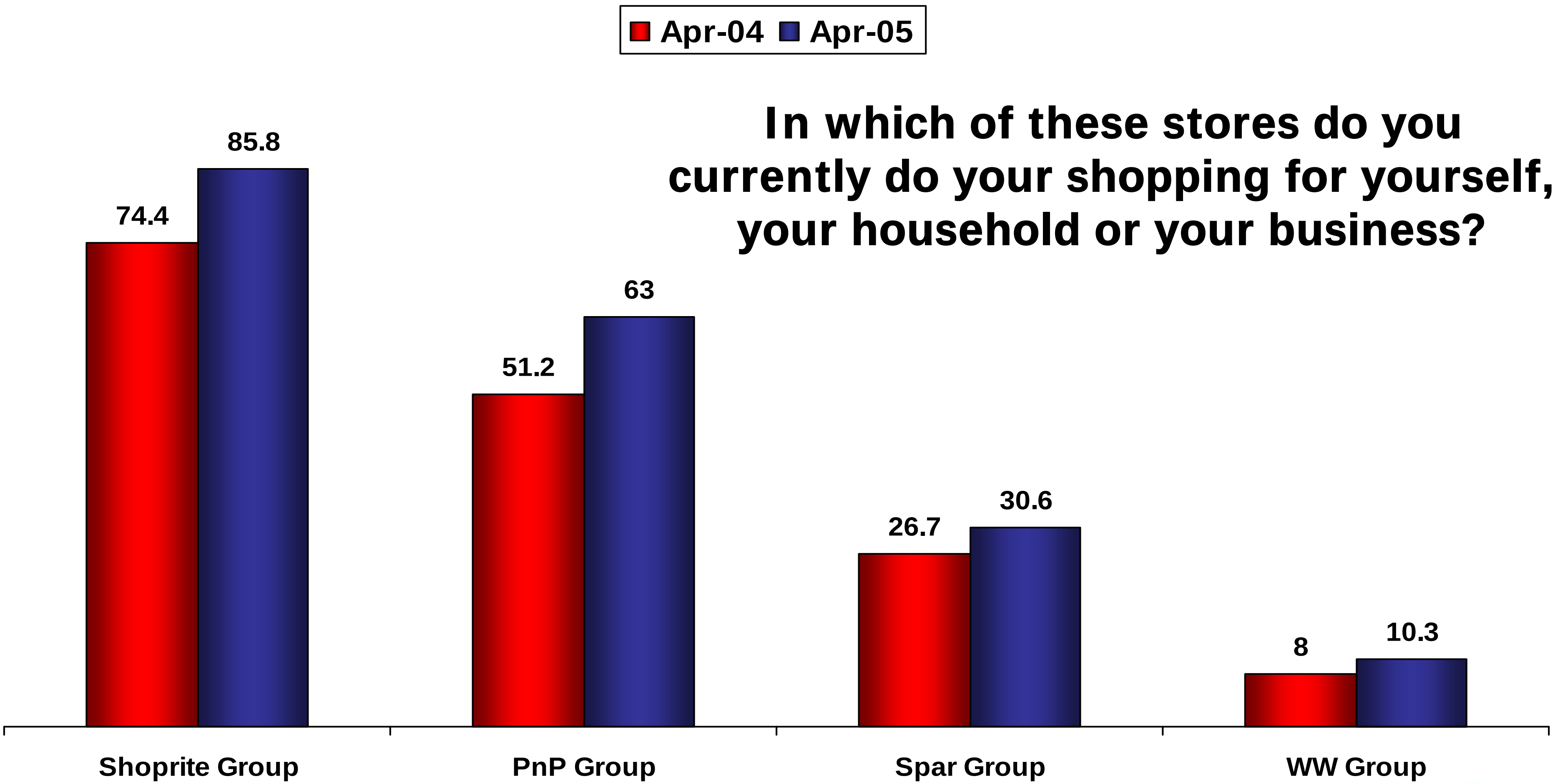
Where does SA shop?



ACNielsen

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RSA: Checkers

- Sales growth 9.5%
- New stores - 2005
  - Checkers : 6
  - PnP : 23
  - Spar : 12
- Basket size growth 6.3%
- Customer count growth 3.3% to 10,4m customers per month

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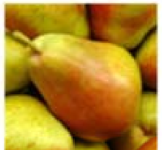
RSA: Checkers

- Operating margin higher than Shoprite
  - Still the cheaper supermarket
  - AC Nielsen Price Survey

Checkers	100
PnP	101
Spar	104



RSA: Checkers

- Non-Foods contribution 1% higher
- House Brand contribution
  - Sales growth of 137.4%
  - Profit growth of 126.9%
- Profitability increased (Gauteng)
  - 2004: 45%
  - 2005: 36%
- Increasing customer base of higher LSM (10)




RSA: Shoprite

- Sales growth 13.2%
- Market leader; 327 stores (15 new stores)
- Basket size growth of 5.4%
- Customer count growth of 7.8% to 24,1m customers per month

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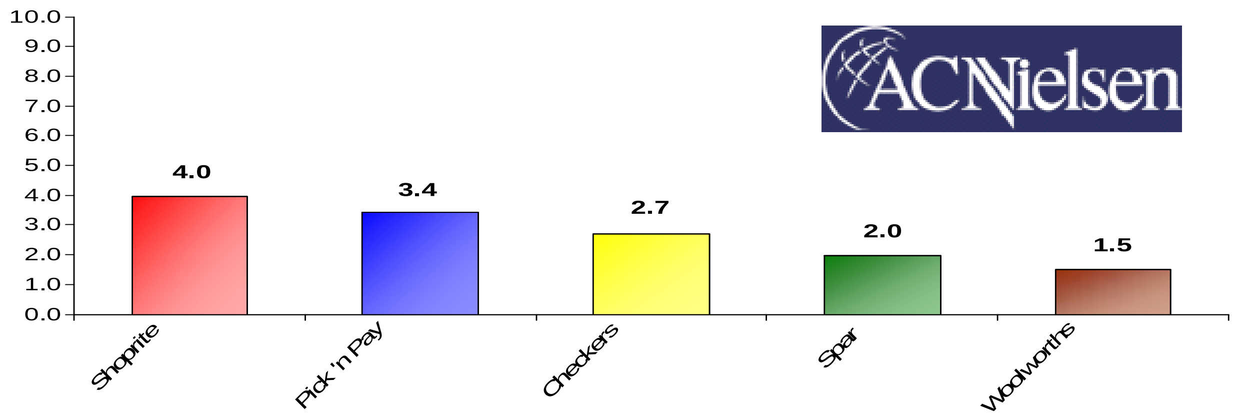
RSA: Shoprite

- Operating margin again improved
- Supermarket brand with highest brand equity



- Acceptance across all markets
- Increasing customer base of all LSM's

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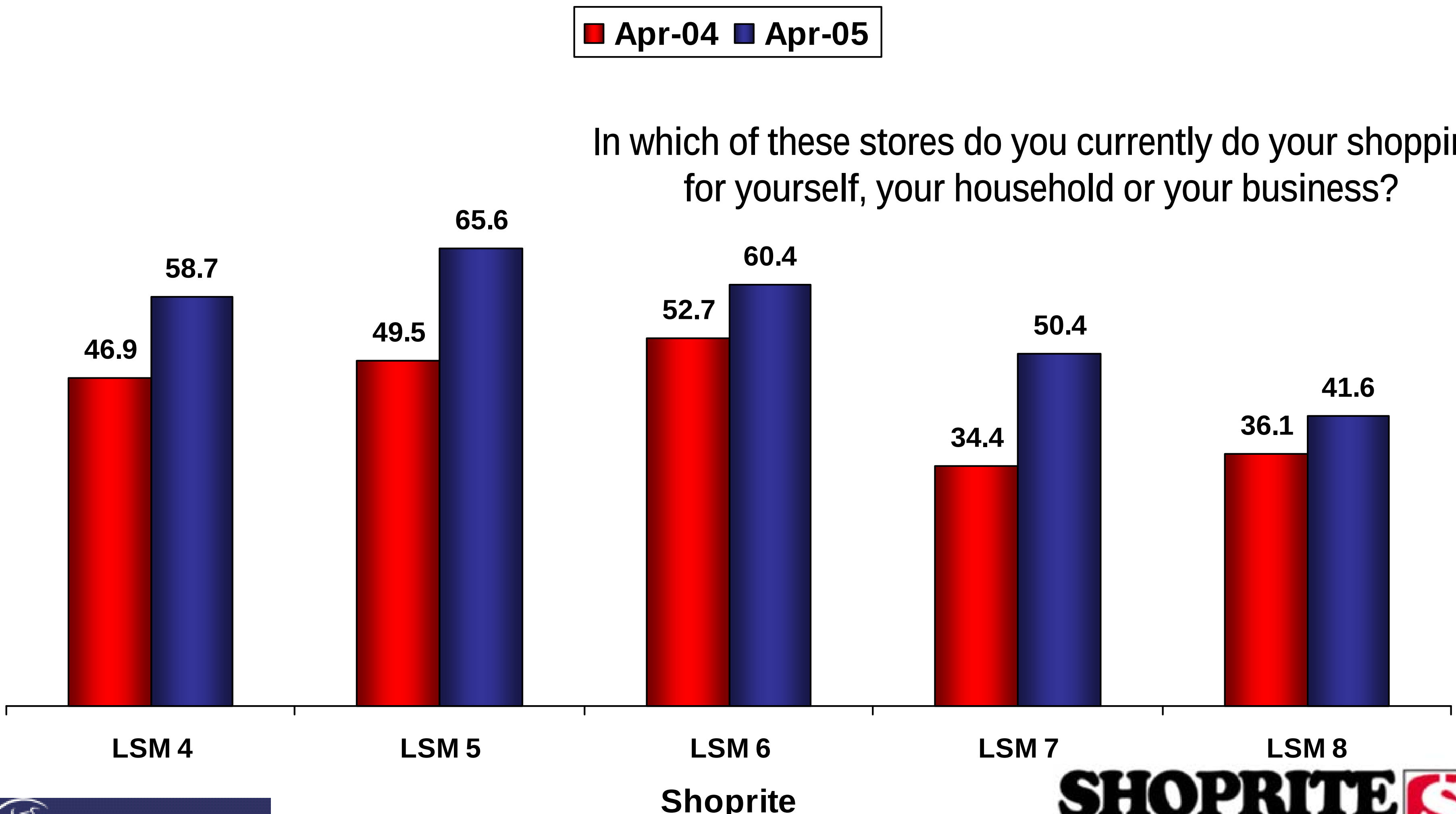
Shoprite is showing an increase of shoppers of all middle LSM's

In which of these stores do you currently do your shopping for yourself, your household or your business?



RSA: USave

- Jun05: 75% of stores profitable
- Number of stores

	Jun 04		Jun 05
RSA	44	22	66
Non-RSA	15	8	23
	59	30	89
Closed	-	(5)	(5)
Total	59	25	84




RSA: USave

- Minimal cost to close (R50k)
- Has strategic price fighter stores
- Own labels extended Sep (additional GP)
  - RiteBrand = already brand leader
    - Diapers, Mayonnaise, Beans-in-Tomato, Cola
- Stock turn: 15 times
- GEB: 21.3%
- 2006: almost R1bn turnover

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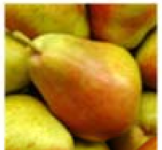
MediRite Pharmacies

- Trading: 24
- New licenses to date: 13
- Immediate Target: 92
- Making Shoprite biggest chain
- Opportunity for direct import
- GEB: 49,2%
- Health & Beauty Dept growth outstrip that of store



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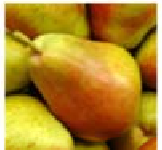
LiquorShop

- Trading: 3
- Approved licenses: 8
- Applications submitted: 19
- Potential stores: 200
- Spar: 155
- Liquor market growth: 11.8%
- Market size: R27bn



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Stock

- Sales growth 11.9%
- SA stock turn increased 14.4%
- Improvement for last 2 yrs of R400m
- Stores on new replenishment model show an increased stock turn to 27 on replenished lines

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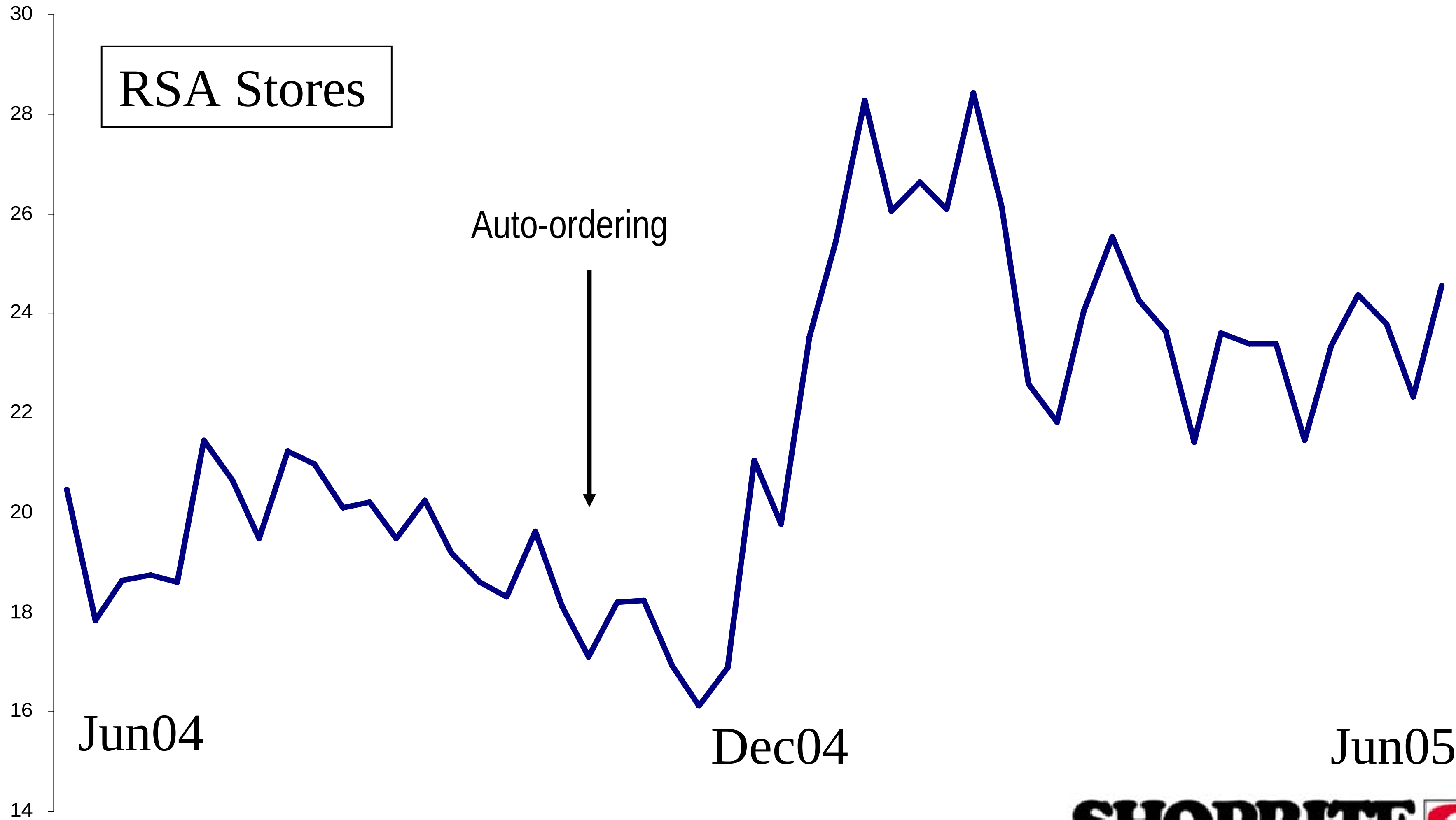
Own Distribution : Stockturn



Central Distribution

- Operate 17 centers with 240,000 m²
  - Largest distribution node 81,000 m²
- Supply more than 1,000 outlets
- Supply 16 countries outside SA
- Handle more than 10,000 TEU's (Twenty Foot Container)
- Leading Supply Chain initiatives amongst both retailers and distributors on the continent

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Central Distribution

- Supply 64% of merchandise sold
- Supply 2,8 million cases per week
- Large centres each distribute more than any other distributor or retailer (more than 1m cases/week)
- Distribute more than 33,000 items

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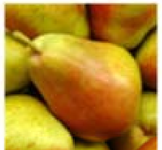
Central Distribution

- Service levels
  - Outbound 95%
  - Inbound improved by 7% to 90%
  - Direct suppliers to store ave 72% – 85%
- Stock turn 17 times



Personnel

- Productivity
  - Number of employees decreased 1.25% to 61,525
  - Part timers ave hours increased 10% (29 to 32 hours)
- Efficiency
  - Sales / FTE +8.9%
  - Items / FTE
    - RSA +12%
    - Non-RSA +21%
  - Result of training & improved processes

Personnel

- Training
  - Learnership program
    - Almost 40,000 training interventions
    - Received R1,9m grants 2005
    - Target: 400 learnerships in different disciplines next yr
  - W&R SETA
    - Highest contribution at R16,6m
    - R65m since 2000
    - 100% success on grant claims for last 4 yrs

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Non-RSA

- Turnover growth: 11.6%
  - @ stable currency 20.2%

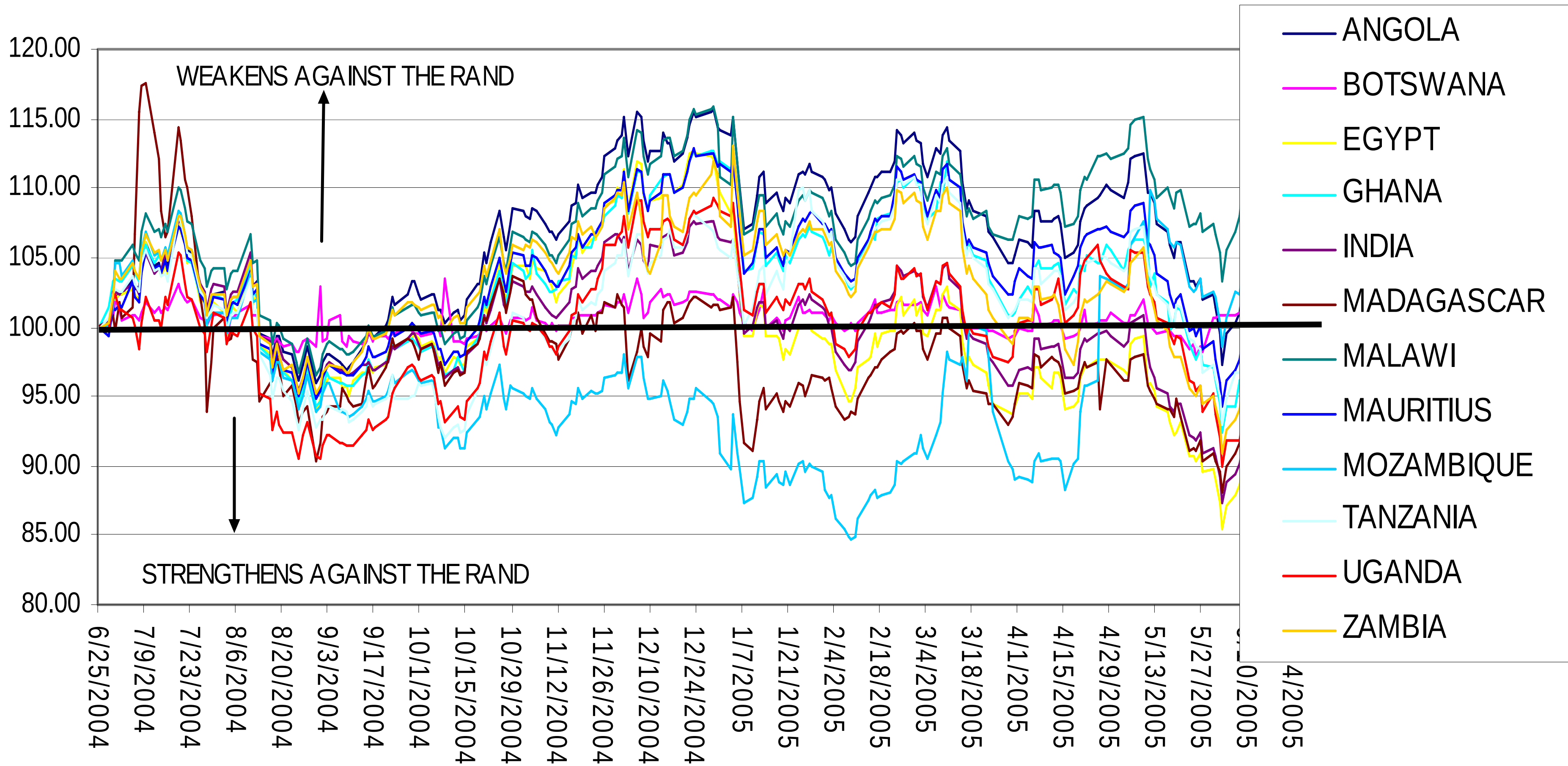
- Shrinkage + 1.5% of turnover




Non-RSA

- Exports decreased 23% in value
  - Strengthening of the Rand
  - Self-efficiency of African countries
- Global sourcing
  - Turnover R2,9bn, only 10.8% sourced from SA
  - 8,344 shipments, increase of 20% on last yr

Currencies against Rand



Growth for 2006
Supermarket Expansion: Jun06

What is our new goal?

Planning 95 openings in 12 months to June 2006
Planning 126 openings in 18 months to December 2006

Format	Opened: June 2005			Confirmed: June 2006		
	RSA	N-RSA	Total	RSA	N-RSA	Total
Shoprite	15	3	18	39	7	46
Checkers	6	-	6	20	-	20
Usave	23	7	30	22	7	29
Total	44	10	54	81	14	95

Usave confirmed to June only – many agreed but not contracted yet

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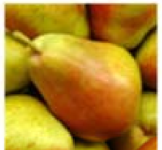
Growth for 2006
RSA: Checkers

- Ownership of specific categories
- Revamps
  - Completed 2005: 41
  - Planned revamps 2006: 19
- New stores: 20 (30% market share)
- Top brand after Woolworths
- Already has strongest middle market brand
  - Shoprite

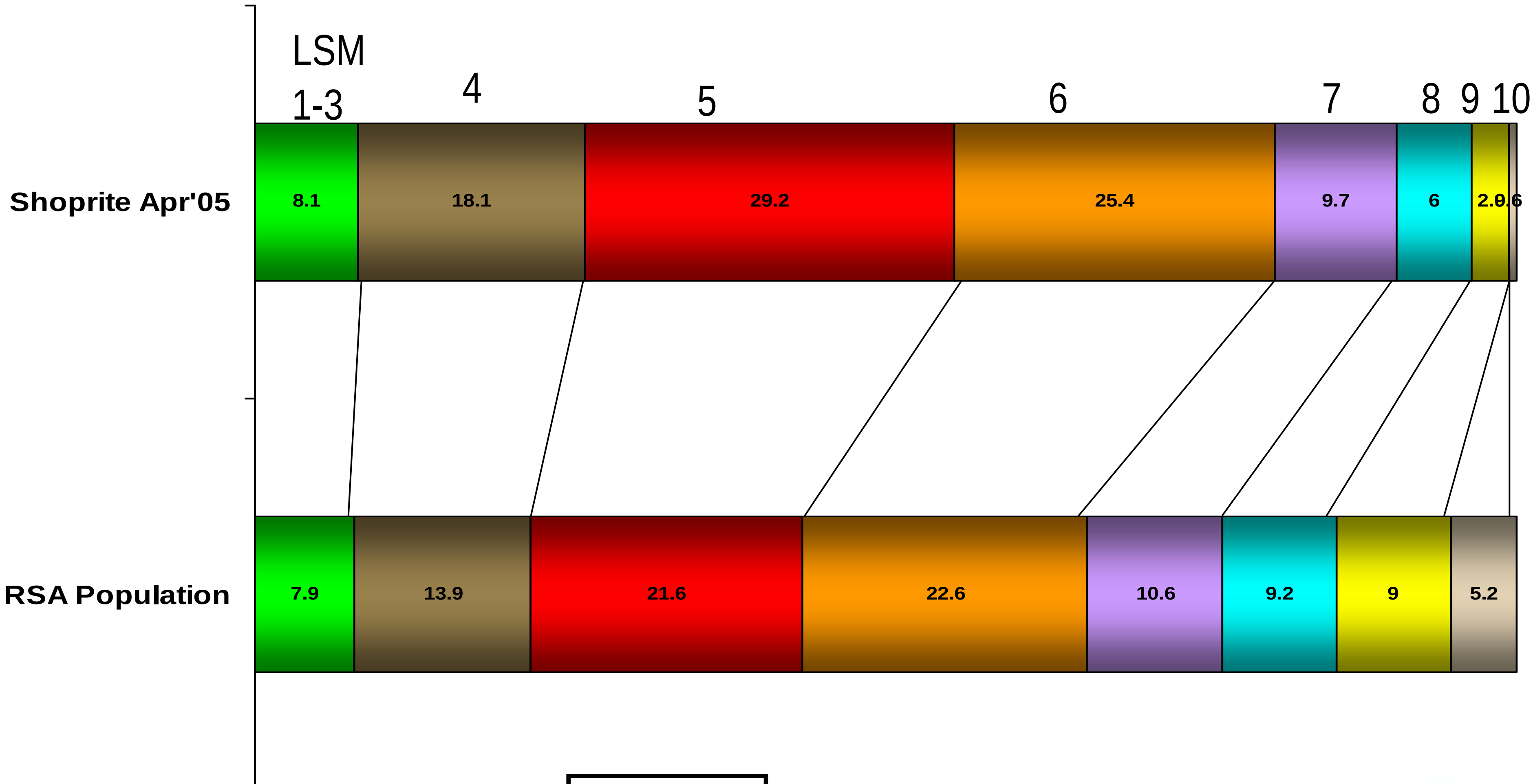
Growth for 2006
RSA: Shoprite

- Number of stores
  - Currently: 327
  - Opening 2006: 39
- Best positioned emerging market
  - 1,3m more people in LSM 4-6
- Benefit from R55bn grants
- Benefit from government housing
- Benefit from electrification project



SA Population Demographic



All Races

16 years +

Growth for 2006

- Head Leases reduce by R33m
- New Branch System
  - reduce admin (4 hours per day)
- Auto Replenishment – stock reduction continue
- Non-RSA R100m profit

Hopefully we will see less of King and more of Queen in 2006.

Questions?