



Operational Update

Monday, 31 October 2016

In the three months to September 2016, the Shoprite Group increased turnover by 15.7%, continuing the momentum of the last quarter of the 2016 financial year.

RSA Supermarkets, the Group's primary business, increased sales by 12.4% during a period when internal inflation increased to 7.2% driven by both the drought's impact on fresh produce prices and basic commodity items as well as the weaker rand pushing up the cost of imported general merchandise goods. The core customer base of its Shoprite chain in particular remained under pressure from rising costs, labour instability and lack of job creation, but the Group managed to overcome this through price leadership and successful promotions.

The Group's Non-RSA Supermarkets achieved a turnover growth of 35.1% (55% in constant currencies) despite the impact of lower commodity prices and the devaluation of the currencies of the three main countries where the Group trades on the continent.

The smaller divisions also made a good contribution to Group turnover. The Furniture division, whilst still labouring under the effect of the amendments to the National Credit Act, reported increased sales of 9.1% while OK Franchise saw a growth of 14.5%, in line with the Group's performance.

Store openings are continuing as planned with 16 supermarkets and 5 furniture stores opened during this quarter.

The current pace of growth must be viewed in context of the slower growth in the corresponding period in the prior year. Festive season sales are also difficult to predict, especially with the increase in food inflation, as well as the weakness of the rand and its inflationary impact on the price of imported seasonal goods. The Group, however, remains optimistic in the medium term.

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