

SHOPRITE HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
Registration no. 1936/007721/06
ISIN: ZAE000012084
JSE share code: SHP
NSX share code: SRH
LuSE share code: SHOPRITE
("The Group")

OPERATIONAL UPDATE

In spite of difficult trading conditions, the Shoprite Group increased total turnover by 3.3% to approximately R145.6 billion in the 12 months to June 2018. Excluding the impact of the Angolan hyperinflation accounting adjustment, the Group's turnover increased 3.6%.

The Group turnover growth in this operational update has been prepared taking into account the effect of hyperinflation in Angola for the first time in accordance with *IAS 29: Financial Reporting in Hyperinflationary Economies*, effective from 3 July 2017. The remaining segmental financial information has been prepared excluding the impact of hyperinflation and constitutes pro forma financial information to the extent that it is not extracted from the segment disclosure which will be included in the audited consolidated financial statements for the 12 months to June 2018.

Excluding the Angolan operation, the Shoprite Group managed to increase turnover by 5.5% for the period. The Group's internal inflation decreased from 7.3% in the previous year to only 0.5% for the current year.

The Group's core business, Supermarkets RSA performed well, achieving 5.7% sales growth for the year with internal inflation dropping to only 0.3% from 5.9% last year. Taking into account internal inflation, the improved real turnover growth combined with positive volume and customer growth reflects a strong underlying performance.

Supermarkets Non-RSA recorded negative turnover growth of 7.0% in Rand terms which impacted overall Group sales performance. The slower Non-RSA sales is mainly attributed to the normalised performance of the Angolan operation following the 65.9% compound growth in turnover over the prior two years and the 50.2% devaluation of the Angolan Kwanza since January 2018. Excluding Angola, Supermarkets Non-RSA managed to achieve a positive sales growth of 3.0%. A significant drop off in Supermarkets Non-RSA internal inflation from 14.4% in the previous year to only 1.1% for the current year was also experienced.

The Group's Furniture division increased sales by 9.9% for the period, while other operating segments (OK Franchise, Medirite Pharmacy and Checkers Food Services) achieved growth of 5.2%.

Despite the demanding trading environment, exasperated by the sharp decline in internal inflation, the Group remains positive about its operational strength, customer support for its brands and is making progress on its strategic priorities.

The above financial information is the responsibility of the directors of Shoprite Holdings Ltd and has not been reviewed or reported on by the Shoprite Holdings' auditors. The hyperinflationary adjustment has been prepared for illustrative purposes only. The consolidated financial results for the review period will be published on or about 20 August 2018.

PRO FORMA FINANCIAL INFORMATION

Impact of Angola hyperinflation adjustment

The Group discloses the unaudited hyperinflation adjustment information in order to indicate the effect of the restatement due to the change in the general price index of the hyperinflationary economy. It will also facilitate comparisons against the prior period's results which were prepared before the Angolan economy was assessed to be hyperinflationary.

To present this information, the functional currency of Angola is adjusted to take into account the value of money at the end of the reporting period.

The financial impact of hyperinflation on the current period's turnover is shown below:

	Pro Forma	Reported		Pro Forma		Reported
	Change on prior period	Change on prior period	52 weeks to 1 July 2018	Hyperinflation adjustment	52 weeks to 1 July 2018	52 weeks to 2 July 2017
	%	%	Rm	Rm	Rm	Rm
Total	3.6	3.3	145 648	435	146 083	141 000

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