

# ***Shoprite Holdings Limited Financial Results 30 June 2001***

***Presentation: Investment Analysts Society of Southern Africa***

***Cape Town and Johannesburg***

***22 August 2001***



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## ***Financial Results Highlights***

<b>Year Ended</b>	<b>June '01</b>	<b>June '00</b>	<b>June '99</b>
<b>Turnover (Rm)</b>	<b>19 597</b>	<b>18 430</b>	<b>17 349</b>
<b>Turnover growth (%)</b>	<b>6,3</b>	<b>6,2</b>	<b>19,1</b>
<b>Operating Profit (Rm)</b>	<b>415</b>	<b>326</b>	<b>126</b>
<b>Operating Profit growth (%)</b>	<b>27,3</b>	<b>158,7</b>	<b>(46,8)</b>
<b>Operating Margin (%)</b>	<b>2,1</b>	<b>1,8</b>	<b>0,7</b>
<b>Headline EPS</b>	<b>58,0</b>	<b>45,5</b>	<b>10,9*</b>
<b>Dividend per share</b>	<b>20,5</b>	<b>18,0</b>	<b>14,0</b>
<b>Dividend Cover</b>	<b>2,8</b>	<b>2,5</b>	<b>0,8</b>

\* Restated for Deferred Tax



# ***Key Points***

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- **Turnover**
  - **Food inflation – 3.9%**
  - **Strategy to rationalise**
    - **Open 7 new, close 8 supermarkets**
    - **Net trading space reduction 18 000m<sup>2</sup>**
  - **Grow customer base by 2.8%**



## ***Key Points (Cont)***

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- **Operating profit**
  - **Operating margin improved to 2.1%**
  - **Stock losses improved further**
  - **Effective cost control**
  - **Effective utilisation of retail space**
  - **Uneconomical leases – R78m**



## ***Key Points (Cont)***

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- **Exceptional items**
  - Provision: employee share scheme - R127m
  - Negative goodwill - R65m
- **Investment income**
  - Cash flush - R900m
  - Stock holding – opportunity ( $\pm$ R500m)



## ***Key Points (Cont)***

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- **Taxation**
  - **Current tax rate 7.5%**
  - **Tax loss of R900m**



# ***Information Technology***

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- **Capital expenditure**

<b>Actual '00</b>	<b>Actual '01</b>	<b>Budget '02</b>
<b>R93m</b>	<b>R106m</b>	<b>R170m</b>

- **Store communications - bandwidth on demand**
- **Wireless terminals**
- **Exciting new developments**
  - **Separate presentation**





# ***Financial Statistics 21 Year Review***

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	<b>2001</b>	<b>Comp Growth</b>	<b>1980</b>
<b>Turnover (Rm)</b>	<b>19 597</b>	<b>42,2%</b>	<b>12</b>
<b>Operating Profit (Rm)</b>	<b>415</b>	<b>33,9%</b>	<b>0,9</b>



## ***Share Statistics Since Listing***

		<b>Comp</b>	
	<b>2001</b>	<b>Growth</b>	<b>1986</b>
<b>Turnover (Rm)</b>	<b>19 597</b>	<b>40,0%</b>	<b>126</b>
<b>Operating Profit (Rm)</b>	<b>415</b>	<b>36,5%</b>	<b>3,9</b>
<b>NAV/share (cents)</b>	<b>269,4</b>	<b>33,8%</b>	<b>3,4</b>
<b>Market Capitalisation (Rm)</b>	<b>3 103</b>	<b>19,1%</b>	<b>226</b>
<b>Headline EPS (cents)</b>	<b>58,0</b>	<b>35,6%</b>	<b>0,6</b>
<b>Dividend per share (cents)</b>	<b>20,5</b>	<b>37,7%</b>	<b>0</b>



# ***P/E Ratio comparison***

## **P/E Ratio**

### **USA:**

Walmart	36.6
Kroger	20.2

### **Europe:**

Tesco	22.9
Sainsbury	21.4
Casino	28.8

### **South Africa:**

Pick & Pay	17.2
Woolworths	13.8

<b>Shoprite Holdings</b>	<b>9.9</b>
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# Corporate Management


**MANAGING DIRECTOR**  
**JW BASSON**  
 B COMM, CA(SA)  
 AGE: 55 YRS  
 SERV: 30 YRS



**DEPUTY MANAGING DIRECTOR**  
**C GOOSEN**  
 B COMM(HONS) CA(SA)  
 AGE: 48 YRS  
 SERV: 18 YRS



**PERSONAL ASSISTANT**  
**P ENGELBRECHT**  
 B COMPT (HONS) CA(SA)  
 AGE : 32 YRS  
 SERV: 4 YRS




**FINANCIAL MANAGEMENT**  
**M BOSMAN**  
 B ACC(HONS) CA(SA)  
 AGE : 44 YRS  
 SERV: 8 YRS



**INFORMATION TECHNOLOGY**  
**O DA SILVA**  
 B COMM, CA(SA)  
 AGE : 58 YRS  
 SERV: 27 YRS



**LOGISTICS**  
**P TZELLIOS**  
 B SC(ENG), MBA  
 AGE : 42 YRS  
 SERV: 10 YRS



**HUMAN RESOURCES**  
**C BURGER**  
 BA(HONS), MBA  
 AGE : 44 YRS  
 SERV: 12 YRS



**PROPERTIES**  
**P V D MERWE**  
 B COMM, MBA  
 AGE : 40 YRS  
 SERV: 13 YRS



**MARKETING**  
**B WEYERS**  
 AGE : 49 YRS  
 SERV: 24 YRS



**NON FOODS BUYING**  
**S BRAUDE**  
 AGE : 45 YRS  
 SERV: 15 YRS



**STATUTORY AND LEGAL SERVICES**  
**A VAN ZYL**  
 B COMM, LLB  
 AGE : 53 YRS  
 SERV: 20 YRS



**P SOLMS**  
 B COMM, CA(SA)  
 AGE : 41 YRS  
 SERV: 10 YRS

**G MENTZ**  
 B COMPT(HONS) CA(SA)  
 AGE : 30 YRS  
 SERV: 0.5 YRS

**J MACLENNAN**  
 B COMM, CA(SA)  
 AGE : 46 YRS  
 SERV: 14 YRS

**J VAN ZYL**  
 MA  
 AGE : 39 YRS  
 SERV: 8 YRS

**D MOLLER**  
 B COMM(HONS) CA(SA)  
 AGE : 42 YRS  
 SERV: 13 YRS

**M FOURIE**  
 B COMM(HONS)  
 AGE : 27 YRS  
 SERV: 1 YR

**A VAN STADEN**  
 AGE : 44 YRS  
 SERV: 15 YRS

**T WIESE**  
 B COMM, LLD  
 AGE : 38 YRS  
 SERV: 9 YRS

# Operations

**MANAGING DIRECTOR**  
**JW BASSON**  
 B COMM, CA(SA)  
 AGE: 55 YRS  
 SERV: 30 YRS



**DEPUTY MANAGING DIRECTOR**  
**C GOOSEN**  
 B COMM(HONS) CA(SA)  
 AGE: 48 YRS  
 SERV: 18 YRS



**PORTFOLIOS**  
**E NEL**  
 B COMM, CA (SA)  
 AGE : 52 YRS  
 SERV: 3 YRS




**OPERATIONS TECHNICAL**  
**S LAUBSCHER**  
 B SC (ENG)  
 AGE :58 YRS  
 SERV: 0.5 YRS



**SUB-SAHARA OPERATIONS AFRICA**  
**M ALBERTS**  
 AGE : 40 YRS  
 SERV: 14 YRS



**NORTH-AFRICA OPERATIONS**  
**J HOLTZHAUSEN**  
 HONS B(B&A)  
 AGE : 52 YRS  
 SERV: 4 YRS



**OK FRANCHISE**  
**S MARTINENGO**  
 B COMM, CA(SA)  
 AGE : 58 YRS  
 SERV: 16 YRS



**MEAT MARKETS**  
**B DE KLERK**  
 AGE : 50 YRS  
 SERV: 15 YRS



**FRESHMARK**  
**J V DEVENTER**  
 M COMM, PHD  
 AGE : 41 YRS  
 SERV: 7 YRS



**OK FURNITURE**  
**A KARP**  
 AGE : 42 YRS  
 SERV: 11 YRS



ZAMBIA  
 UGANDA  
 MOZAMBIQUE  
 ZIMBABWE  
 TANZANIA  
 MALAWI

**EGYPT**  
**I STEVENS**  
 AGE: 48 YRS  
 SERV: 11 YRS

**FAST FOODS**  
**SP LATEGAN**  
 AGE: 53 YRS  
 SERV: 15 YRS

**NAMIBIA**  
**P MALAN**  
 DIPL RETAIL MANAGEMENT  
 AGE : 32 YRS  
 SERV: 12 YRS

**H VD BERG**  
 M SC, D AGRIC  
 AGE: 58 YRS  
 SERV: 6 YRS

**G KRIEL**  
 AGE: 48 YRS  
 SERV: 20 YRS

**D DIEMONT**  
 M SC, MBA  
 AGE: 33 YRS  
 SERV: 1 YR

**P COMBRINK**  
 B SOC SCIENCE  
 AGE: 50 YRS  
 SERV: 19 YRS

**C V D WALT**  
 B COMM  
 AGE: 47 YRS  
 SERV: 7 YRS

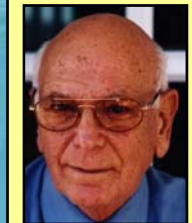


# Operations: Supermarkets

**MANAGING  
DIRECTOR**  
JW BASSON  
B COMM, CA(SA)  
AGE: 55 YRS  
SERV: 30 YRS



**INLAND  
OPERATIONS**  
G SMOLLEN  
AGE : 47 YRS  
SERV: 17 YRS



**COASTAL  
OPERATIONS  
AND BUYING**  
B ROGUT  
AGE : 75 YRS  
SERV: 33 YRS



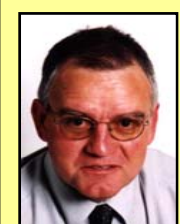
**HYPERAMA/  
CHECKERS**  
J COYLE  
AGE : 46 YRS  
SERV: 24 YRS



**NORTHERN  
GAUTENG**  
V SCHOELER  
AGE : 39 YRS  
SERV: 12 YRS



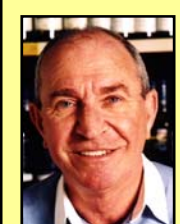
**GAUTENG  
CENTRAL**  
A GARDENER  
AGE : 39 YRS  
SERV: 12 YRS



**WESTERN  
GAUTENG**  
D MACKINTOSH  
AGE : 49 YRS  
SERV: 11 YRS



**GAUTENG  
SUPERSTORES**  
K ZWENNIS  
AGE : 49 YRS  
SERV: 17 YRS



**WESTERN  
CAPE**  
S SCHIFF  
AGE : 60 YRS  
SERV: 24 YRS



**FREESTATE**  
H VAN ROOYEN  
AGE : 47 YRS  
SERV: 28 YRS



**NATAL**  
R HARISUNKER  
AGE : 49 YRS  
SERV: 32 YRS



**EASTERN  
CAPE**  
J FOURIE  
AGE : 46 YRS  
SERV: 17 YRS

**M JOUBERT**  
AGE: 42 YRS  
SERV: 18 YRS

**P STRYDOM**  
B COMPT  
AGE: 39 YRS  
SERV: 5 YRS

**F STEMMET**  
B COMPT  
AGE: 38 YRS  
SERV: 4 YRS

**J DE SWART**  
B ACC  
AGE: 38 YRS  
SERV: 9 YRS

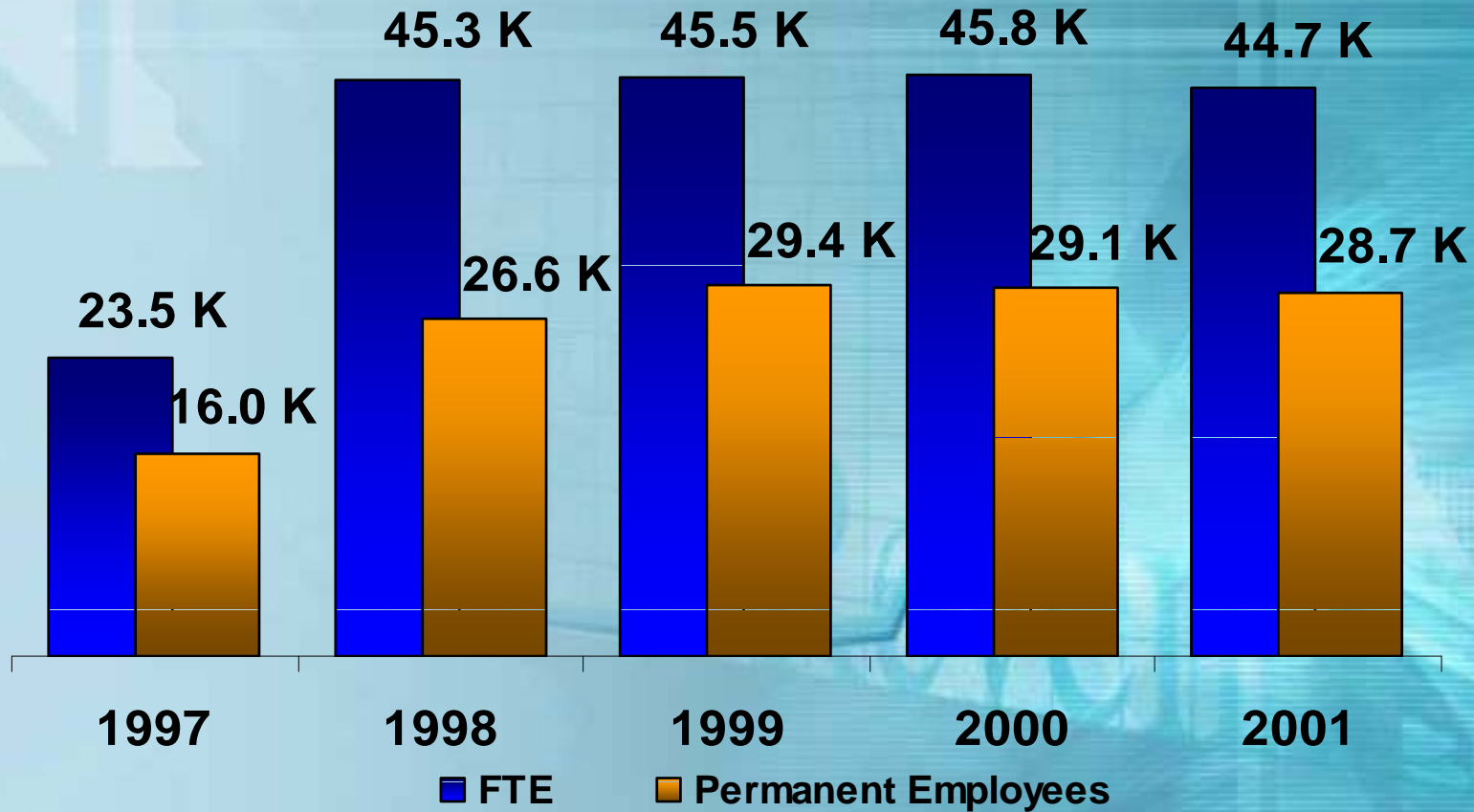
**S GOUWS**  
B COMPT  
(HONS)  
AGE: 32 YRS  
SERV: 3 YRS

**D JACOBS**  
AGE: 38 YRS  
SERV: 10 YRS

**W HUNLUN**  
AGE: 37 YRS  
SERV: 10 YRS



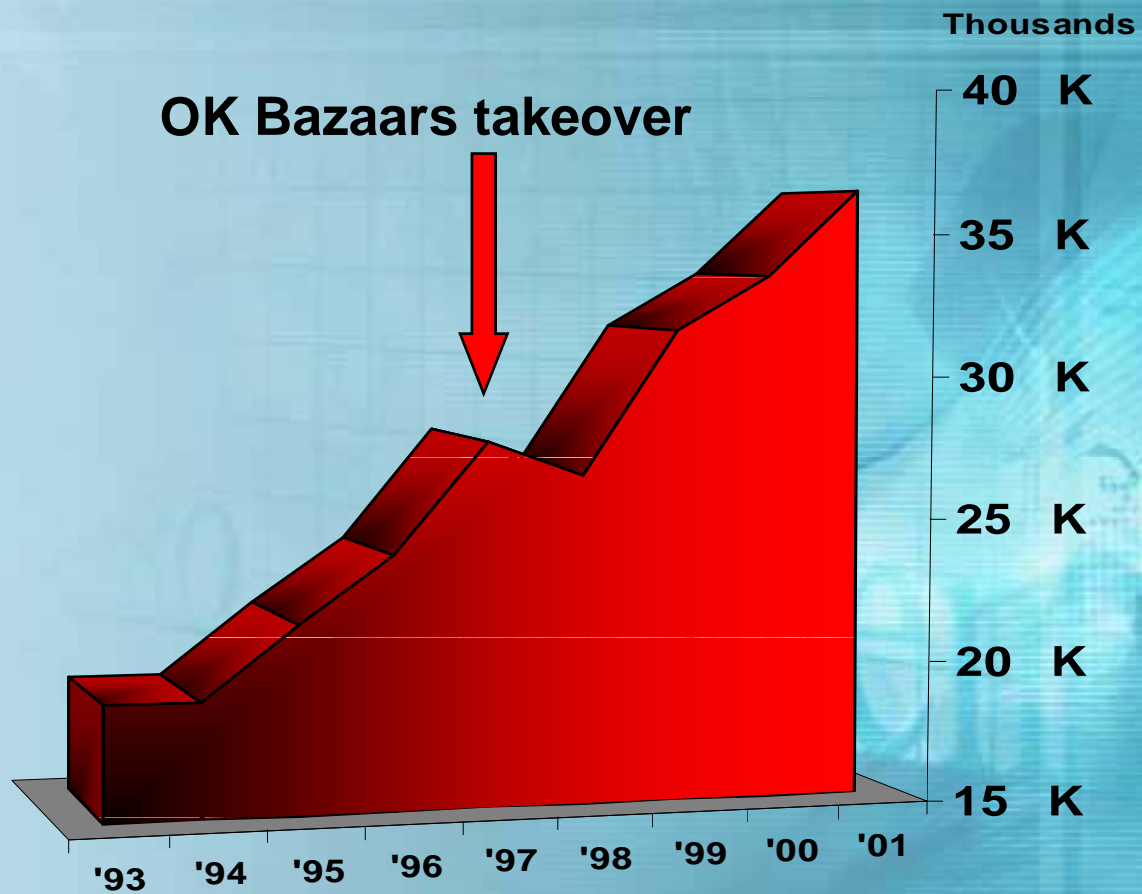
# Employment Statistics



Centrally process 184,000 payslips per month for 10 countries on African continent

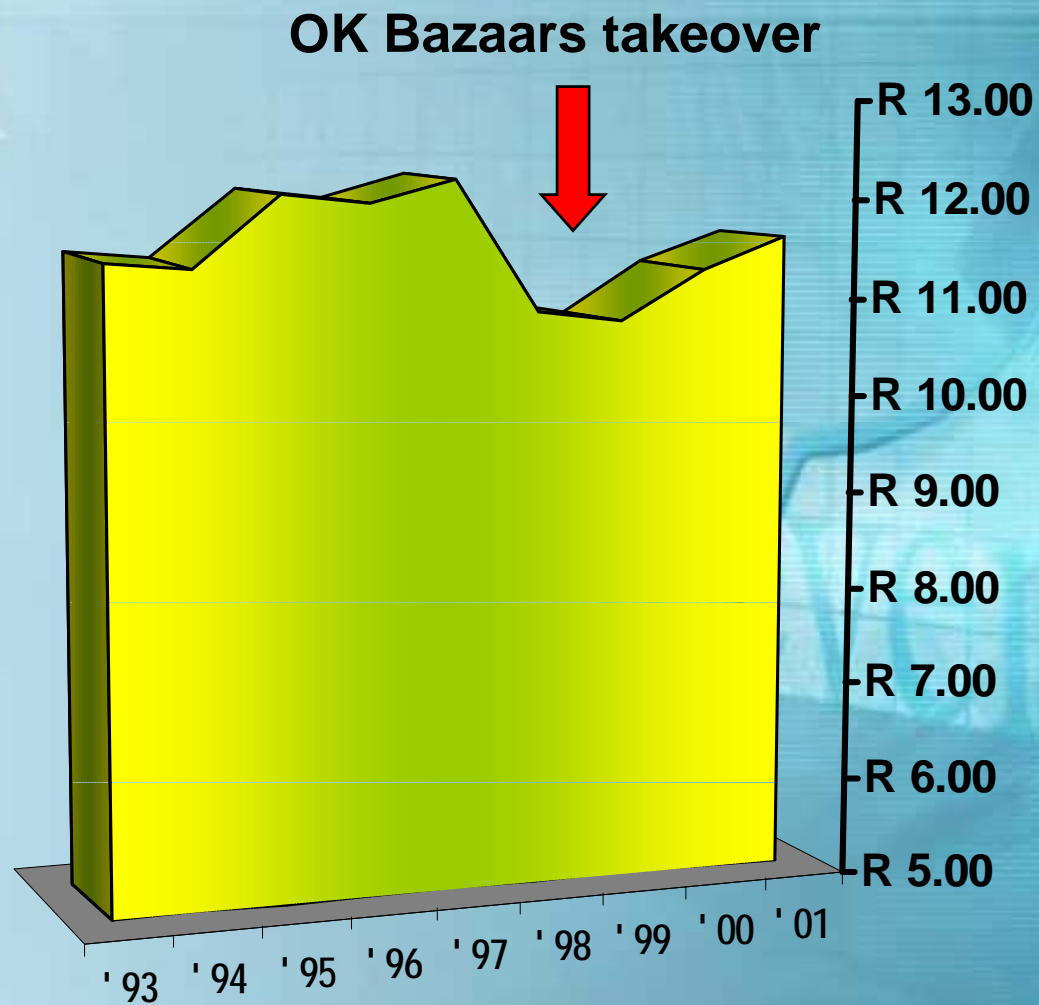


# Sales per FTE

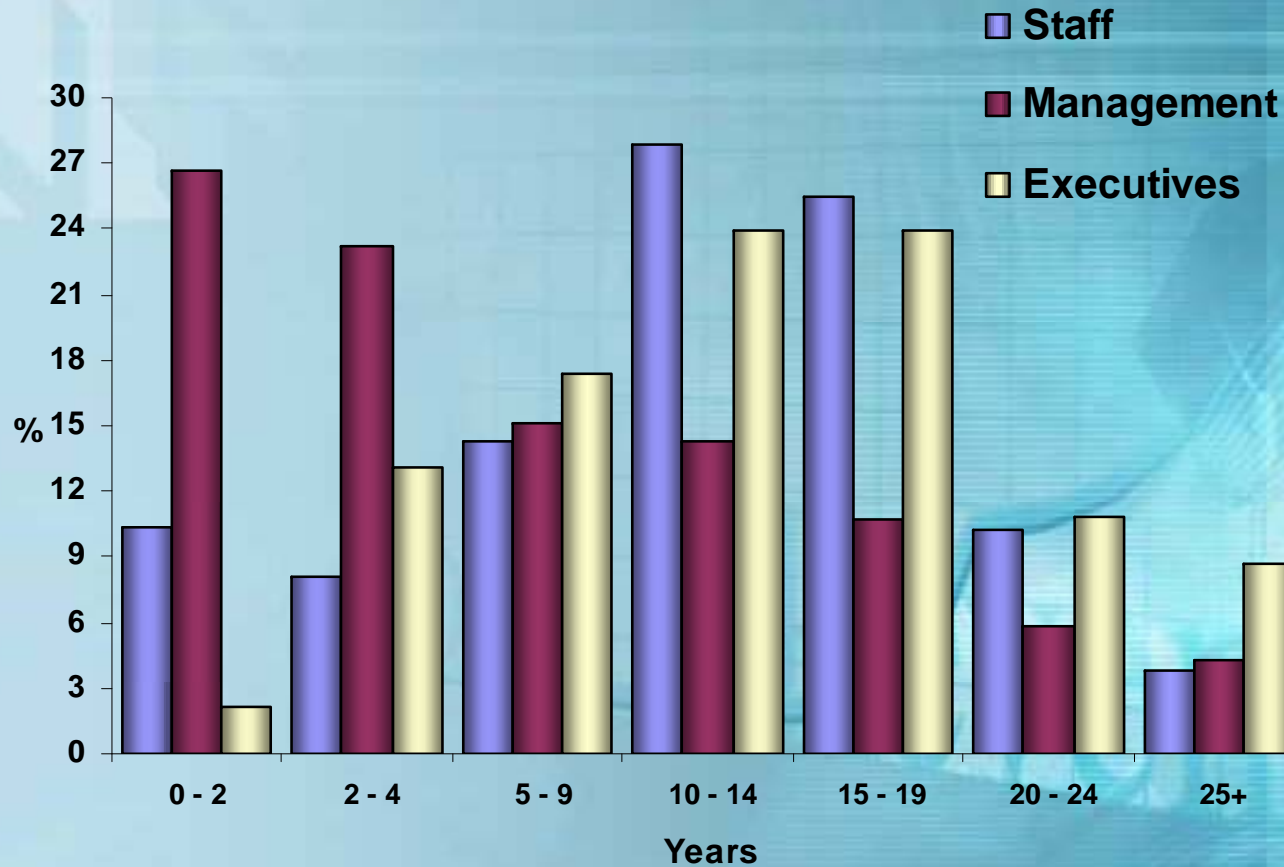




# Sales per R1 Cost of Employment



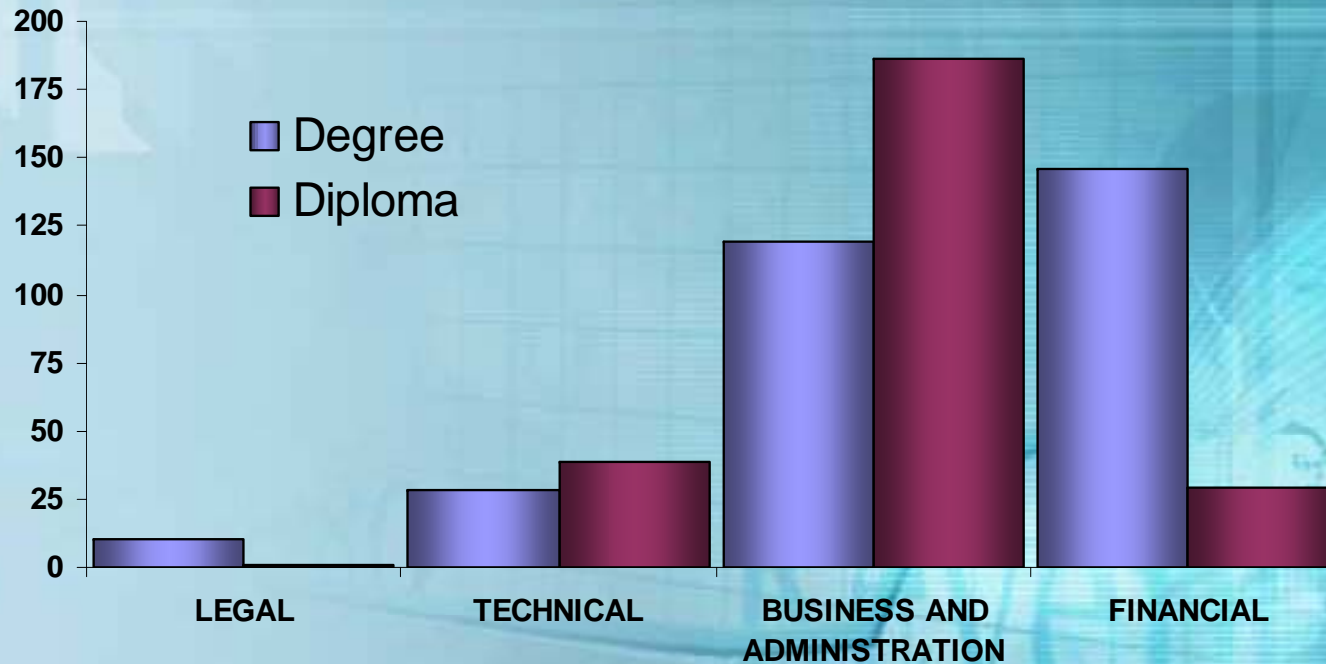
# Service Analysis



**62.7% of employees have service of 10 years +**



# Post Matric Qualifications



## Included:

✓	CA	=	31
✓	MBA	=	7
✓	LLB	=	6
✓	Masters	=	18
✓	Doctorate	=	4



## ***Retail Management Trainees July '01***

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<b>Black Male</b>	<b>39%</b>
<b>Female</b>	<b>22%</b>
<b>White Male</b>	<b>25%</b>
<b>Female</b>	<b>14%</b>
<b>Recruited Internally</b>	<b>37%</b>
<b>Externally</b>	<b>63%</b>
<b>Total</b>	<b>338</b>

**464 Promoted to assistant manager since 1998**



## ***Trainee Managers With Qualifications***

	<b>Black Male</b>	<b>Black Female</b>	<b>White Male</b>	<b>White Female</b>
<b>Degrees</b>	<b>14</b>	<b>9</b>	<b>3</b>	<b>2</b>
<b>Diplomas</b>	<b>42</b>	<b>14</b>	<b>7</b>	<b>9</b>
<b>Certificates</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>2</b>
<b>Total</b>	<b>61</b>	<b>28</b>	<b>12</b>	<b>13</b>

**6 Chartered Accountant Article Clerks**

**23 Information Technology Trainees**



# ***Training and Development***

<b>MAJOR AREAS OF SKILLS &amp; LEARNING</b>	<b>AVAILABLE PROGRAMMES/ COURSES</b>	<b>EMPLOYEES TRAINED</b>
<b>Staff Training &amp; Development</b>	<b>39</b>	<b>19 468</b>
<b>Management Development</b>	<b>20</b>	<b>361</b>
<b>Information Technology</b>	<b>42</b>	<b>232</b>
<b>Distribution</b>	<b>16</b>	<b>339</b>
<b>Fresh Produce Procurement</b>	<b>12</b>	<b>252</b>
<b>Furniture Retailing</b>	<b>5</b>	<b>782</b>
<b>TOTAL</b>	<b>134</b>	<b>21 434</b>



# ***Highlights***

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- **Productivity improvement of 190% over last 8 years**  
**(the implementation of an automated Time & Attendance Management system and labour scheduling contributed towards achieving the improvements)**
- **More than 10,000 employees assisted with school and post matric education**



## ***Highlights (cont)***

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- **First Western Cape based company and first retailer in South Africa to be accredited to offer accountancy articles**
- **Successfully implemented SAP HR and Payroll vers. 4.6B in record 9 months**
- **Rated in November 2000 by Financial Mail and Human Capital Corporation (Deloitte & Touche) as one of the 40 Best Companies to work for**





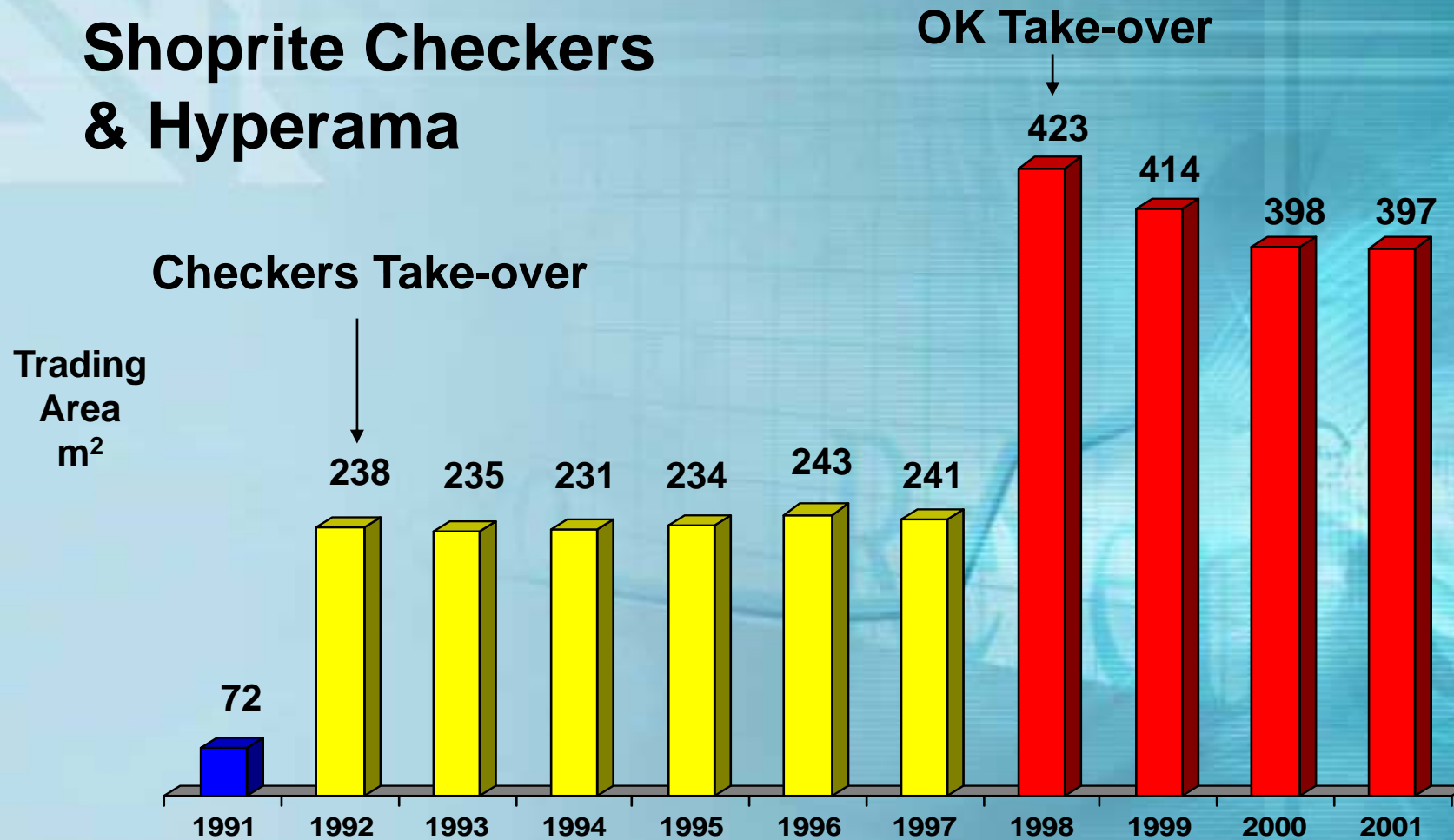
## ***Size of the Operation – Group***

	<b>June 00</b>	<b>June 01</b>
<b>Number of Outlets</b>	<b>911</b>	<b>941</b>
<b>Supermarkets – RSA</b>	<b>326</b>	<b>321</b>
<b>– Non RSA</b>	<b>34</b>	<b>38</b>
<b>Hyperama</b>	<b>18</b>	<b>18</b>
<b>Furniture – OK</b>	<b>118</b>	<b>135</b>
<b>- House &amp; Home</b>	<b>20</b>	<b>20</b>
<b>Hungry Lion</b>	<b>30</b>	<b>41</b>
<b>Franchise</b>	<b>365</b>	<b>368</b>
<b>No of Non RSA countries</b>	<b>6</b>	<b>9</b>



# *Trading Area of Supermarkets – Group*

## Shoprite Checkers & Hyperama



# Trading Area of Supermarkets

Movement since OK Bazaars Take-over



## ***Excess Rental and Space***

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- **Net excess rentals - R77m**
- **27 closed outlets and offices  
(150 000 m<sup>2</sup>)**



## ***Shoprite Checkers Properties***

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- **Manages 145 properties**
- **Market value of portfolio approximately R2.4 billion**
- **Owns 48 properties**
- **Market value of own portfolio approximately R550 million**



# ***Summary***

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<b>Since listing</b>	<b>2001</b>	<b>Compound Growth</b>
<b>Turnover</b>	<b>R 19 597 m</b>	<b>40,0 %</b>
<b>Operating Profit</b>	<b>R 415 m</b>	<b>36,5 %</b>
<b>EPS</b>	<b>58,0 c</b>	<b>35,6 %</b>
<b>No of Stores</b>	<b>941</b>	<b>26,7 %</b>
<b>No of Staff (monthly ave)</b>	<b>62 000</b>	<b>24,7 %</b>

