

## SHOPRITE

BusinessTimes  
TOP 100 COMPANIESShoprite  
NUMBER 32005: R10 000  
2010: R67 126

## TOP 50 PROFIT AFTER TAX

Share name	Year end	Compound growth 5 yrs
1 Cenmag	2010.02	318.61%
2 Sabvest	2009.12	192.44%
3 Silverbridge	2010.02	145.21%
4 Cipla-Medpro SA	2009.12	121.60%
5 EsorFranki	2010.02	102.44%
6 Brimstone Investment	2009.12	85.56%
7 Petmin	2010.06	81.40%
8 Aveng	2010.06	80.50%
9 Dimension Data plc	2009.09	74.87%
10 Industrial Credit Co. Africa	2009.12	65.05%
11 Resilient Prop. Income Fund	2009.12	58.80%
12 York Timber	2010.06	56.58%
13 Gold Fields	2010.06	53.62%
14 Sacoil	2010.02	52.72%
15 Datatec	2010.02	49.93%
16 Sekunjalo Investments	2009.08	47.15%
17 Santova Logistics	2010.02	47.09%
18 Pangbourne Properties	2010.06	46.90%
19 Pinnacle Technology	2010.06	46.10%
20 Fairvest Property	2010.06	45.05%
21 Capital Property Fund	2009.12	44.47%
22 Wilson Bayly Holmes-Ovcon	2010.06	44.19%
23 Group Five	2010.06	42.97%
24 Masonite	2009.12	42.80%
25 ELB Group	2010.06	41.54%
26 Capital Shop Centres plc	2009.12	40.33%
27 JSE	2009.12	39.02%
28 Command	2009.12	38.65%
29 Corwil Investments	2007.03	38.29%
30 Illovo Sugar	2010.03	37.39%
31 Redefine Properties	2009.08	34.01%
32 Howden Africa	2009.12	33.26%
33 Aspen Pharmacare	2010.06	31.33%
34 Famous Brands	2010.02	31.29%
35 Spanjaard	2010.02	31.29%
36 EOH	2010.07	31.11%
37 Shoprite	2010.06	30.23%
38 Metorex	2010.06	29.43%
39 Peregrine	2010.03	29.39%
40 Advtech	2009.12	29.39%
41 Tongaat-Hulett	2010.03	29.36%
42 Acucap Properties	2010.03	29.19%
43 Simeka Business Group	2010.05	28.55%
44 Octodec Investments	2009.08	27.97%
45 Foord Compass	2009.12	27.81%
46 Trencor	2009.12	27.39%
47 Mvelaphanda Group	2010.06	27.35%
48 ISA Holdings	2010.02	26.04%
49 SA Corp. Real Estate Fund	2009.12	25.52%
50 Discovery Holdings	2010.06	23.97%

Graphic: FIONA KRISCH Source: I-NET BRIDGE

“Shoprite probably has the strongest leadership of any retailer”

HANDS ON: Shoprite CEO Whitey Basson

Picture: ROBERT BOTHA

## Checking all the boxes

Shoprite's clever spread keeps growth on a steep trajectory

JANA MARAIS

**S**TRONG brands in a variety of market segments, strict cost control and a successful Africa strategy will keep Shoprite on the top-performing list of JSE-listed companies for some time, analysts predict.

Shoprite, ranked third for its share price and dividend performance over the past five years, was the top-performing retailer in this year's survey of JSE-listed companies, achieving compound annual growth of 46.35% over the period.

Pick n Pay, Shoprite's closest rival based on market share, was ranked 94th with a compound annual growth of 13.6%. An investment of R10 000 in Pick n Pay five years ago would be worth R18 902 today, compared with Shoprite's R67 126.

“Shoprite was ideally positioned, having invested in its central distribution and information technology infrastructure earlier, to capitalise on the opportunities in the market. Even in the downturn, Shoprite benefited when customers traded down,” said Shamil Ismail, an analyst at Cadiz.

While growth from its Africa operations — where Shoprite has 124 stores compared with 1 325 in South Africa — was “slow over the past year or so, the pipeline is looking much better”, said Zaheer Joosub, an analyst at Citi. Its Africa busi-



ness contributes about 11% to the total business. This is likely to increase to 15% in five years, said Joosub. Some analysts expect as much as 20% to come from Africa by 2015.

“The rate at which it is opening new stores in Africa is much slower than in South Africa — in most of the West African countries it is looking to expand into, you need to build a shopping mall before you can open a store. The strong rand has helped it acquire a lot of land at much cheaper rates over the past 12 months, which will improve return on investment of the stores that will be built on this land in the longer term,” said Joosub.

While other SA retailers are scrambling to catch up on the rest of the continent, Shoprite is planning 13 new stores outside South Africa in the current financial year, with a primary

focus on Nigeria and Angola. Shoprite opened its first store outside South Africa in 1990 in Namibia, with its first Central African shop opening in 1995 in Lusaka. Today the group operates in 16 countries in Africa and the Indian Ocean islands.

In South Africa, 72 new stores are planned for the current year; R3-billion will be invested over the next four years on systems and logistics infrastructure. In the past financial year, Shoprite increased local market share to 34.4% from 31.4% and increased its trading margin to above 5% for the first time.

The possible entrance of US retail behemoth Walmart, poised to take over Massmart, the owner of Game and Makro, is not likely to put the brakes on Shoprite, said Joosub. “If Walmart wants to go properly into retail, it will likely need to buy another SA food retailer.”

An aggressive expansion

strategy by Walmart into the rest of Africa may hamper Shoprite, however.

“The SA market is relatively saturated, although pockets of opportunities will continue to arise. More exciting growth rates are likely to come from the rest of Africa, although the pace of Walmart's Africa expansion could impact Shoprite's growth there,” said Ismail.

Whatever happens, Shoprite's prospects remain “promising considering its portfolio of brands, from high-end Checkers, middle-market Shoprite to low-market USave”, said Ismail.

Shoprite started in 1979 with the purchase of a group of eight Cape-based supermarkets by Pepkor. When Pep, owned by Shoprite chairman Christo Wiese, went into food and groceries, Whitey Basson was appointed as managing director. In 1990 Shoprite bought Grand Bazaars for R43.3-million. The next year it bought Checkers for R55-million, trebling the size of Shoprite. In 1997 Basson concluded the famous “R1 deal”, taking over 139 OK stores, 18 Hyperamas and 21 House&Homes for a single coin. The OK group was losing R1-million a day at the time.

“Shoprite probably has the strongest leadership of any retailer. Whitey Basson is a very hands-on manager, which is a bit of a risk for when he leaves,” said Joosub.

Every voyage has its milestones