


RESULTS PRESENTATION
52 WEEKS ENDED 1 JULY 2018

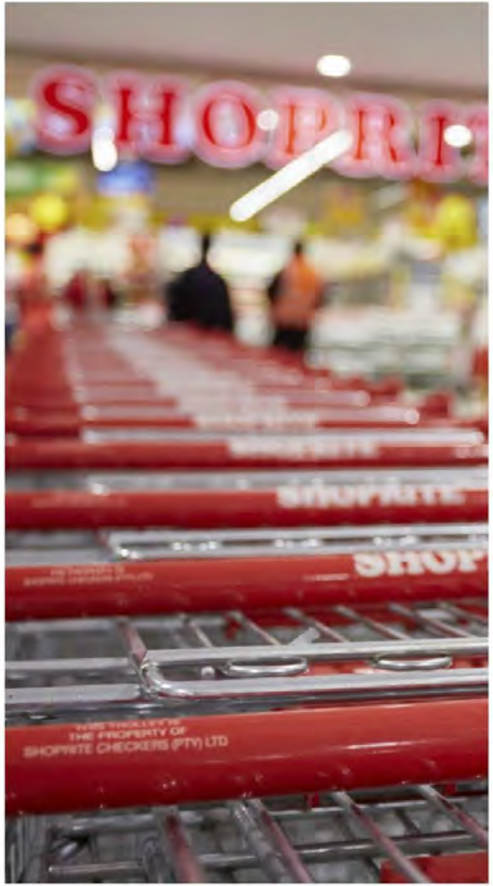
SHOPRITE HOLDINGS LTD

WELCOME

1. FINANCIAL HIGHLIGHTS
2. OPERATIONAL HIGHLIGHTS
3. STRATEGIC DRIVERS OF GROWTH
4. INNOVATION ROADMAP
5. QUESTIONS

FINANCIAL HIGHLIGHTS

ANTON DE BRUYN



FINANCIAL HIGHLIGHTS

- Angola Hyperinflation explained
  - Three main financial impacts
- New SAP ERP system, Moving Average Cost
  - Inventory adjustment
- Investment in IT and distribution co-existence costs

FINANCIAL HIGHLIGHTS

Sales Growth Per Segment

	Existing stores	Net new stores	Total
Supermarkets RSA	1.9%	3.8%	5.7%
Supermarkets Non-RSA	-12.0%	5.0%	-7.0%
Furniture	9.5%	0.3%	9.8%
Other Operating Segments	6.2%	-1.0%	5.2%
Total Operating Segments	**-0.1%**	**3.7%**	**3.6%**
Total Including Hyperinflation			**3.1%**

FINANCIAL HIGHLIGHTS

Supermarkets Non-RSA

	Supermarkets	Currency movement to ZAR	Local currency sales growth	Rand sales growth
ANGOLA Normalised sales expected, compounded by: • 50.2% currency devaluation vs USD in H2	32	-42.8%	-9.3%	-26.1%
NIGERIA Trading throttled by limited ranges, economy showing signs of life recently	24	4.9%	4.0%	-1.9%
ZAMBIA Increasing sales growth driven by improved copper prices in H2	33	-3.3%	8.8%	3.1%

FINANCIAL HIGHLIGHTS

- Gross profit grew **+2.7% to R34.7bn**
- Near-record margin:
  - Positive Volume growth
  - Shrinkage contained

	2017	2018
GROSS PROFIT MARGIN	23.99%	23.90%

FINANCIAL HIGHLIGHTS

Other Operating Income	2017 Rm	2018 Rm	Growth
Finance income earned	325	355	9.5%
Net premiums earned	384	327	-14.8%
Operating lease income	435	455	4.4%
Commissions received	811	845	4.2%
Franchise fees received	75	84	12.5%
Investment income	189	344	81.8%
Sundry income	396	369	-6.9%
Total	**2 615**	**2 779**	**6.3%**

KEY INFORMATION PER SEGMENT

Trading Profit	2017 Rm	2018 Rm	Growth
Supermarkets RSA	6 424	6 539	1.8%
Supermarkets Non-RSA	1 407	650	-53.8%
Furniture	123	256	108.1%
Other Operating Segments	173	250	44.5%
Total Operating Segments	**8 127**	**7 695**	**-5.3%**
Hyperinflation Effect	-	316	
Total Including Hyperinflation	**8 127**	**8 011**	**-1.4%**

EXCHANGE RATE DIFFERENCES

Rand depreciated against the US Dollar

- June 2017: R13.04/$
- June 2018: R13.71/$

R251m loss	**+6.4%**
2018	**Growth**

FINANCIAL HIGHLIGHTS

Items of a Capital Nature	2017 Rm	2018 Rm
Impairment of intangibles	70	51
Impairment of assets	19	49
Loss on disinvestment of joint venture*	-2	38
Loss on disposal and scrapping of assets & intangibles	79	108
Total	**166**	**246**

** Includes profit on disposal of assets held for sale & profit on other investing activities*

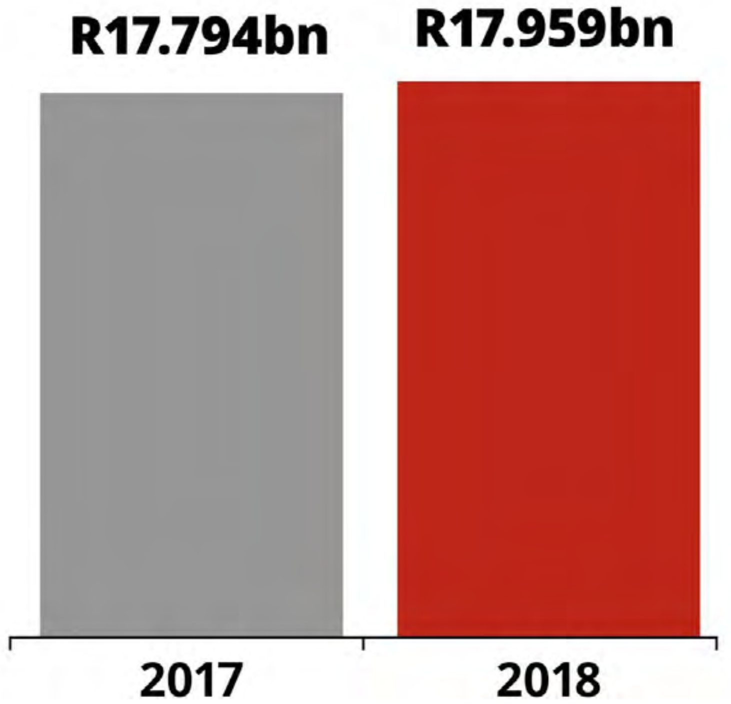
FINANCIAL HIGHLIGHTS

- Total expense growth: **6.5%**
- Employee benefits: **3.4%**
    - Previous share scheme ended in June 2017
- Depreciation and amortisation: **16.3%**
    - Cilmor DC, New stores & Hyperinflation
- Operating leases: **11.9%**
- Other operating expenses: **5.7%**
    - Safeguarding our customers, people and assets

FINANCIAL HIGHLIGHTS

EBITDA	DILUTED HEPS	DIVIDEND PER SHARE
+1.0%	-3.8%	-4.0%
R10.1bn	968.7c	484c

INVENTORY LEVELS



Growth in inventory: 1%

- Net 124 new corporate outlets
- RSA: increased distribution capacity
- Improved Non-RSA inventory
- Impact of MAC adjustment

FINANCIAL HIGHLIGHTS

Capital Expenditure	2017 Rm	2018 Rm
Land, Buildings and Leasehold Improvements	1 129	900
Store Refurbishment	740	1 060
New Stores	790	710
Information Technology	1 276	1 220
Other Replacements*	1 232	1 446
Total	**5 167**	**5 336**

** Includes DC equipment, vehicles and general asset replacements*

FINANCIAL HIGHLIGHTS

Treasury	2017 Rm	2018 Rm	Growth
Held to maturity investment	1 311	3 690	181.5%
Net Cash Balances	2 709	3 470	28.1%
Borrowings	-3 274	-6 977	113.1%

OPERATIONAL HIGHLIGHTS

PIETER ENGELBRECHT

WE'VE BEEN TO WAR

489 Armed robberies

Record fuel price

Chronic unemployment & consumer confidence

Industrial action over Christmas & Easter

Operational split by banner

Largest SAP retail ERP rollout

New Cilmor DC & co-existence

Record low GDP growth in Q1

Divestment of non-core businesses

IN THE LAST 6 MONTHS

1st VAT Hike in 25 years

Record # of items in deflation

First ever Sugar Tax

Listeriosis outbreak - largest ever product recall

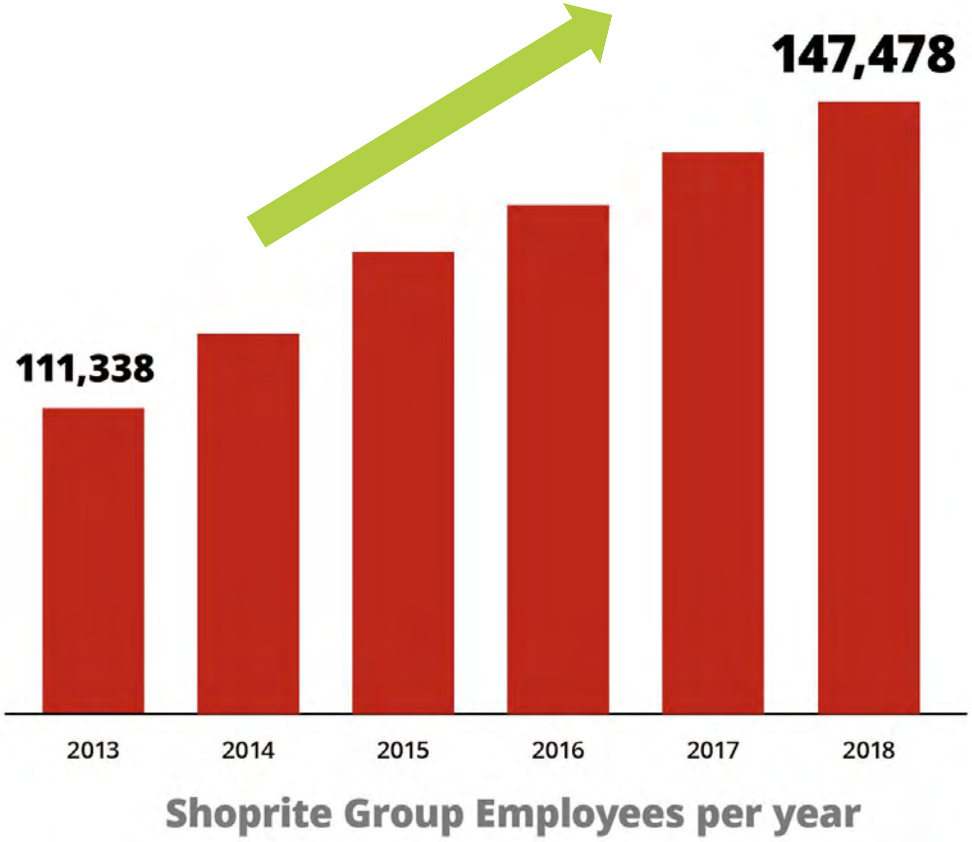
Service delivery protests - 150 trading days lost

Angolan kwanza devaluation

STRONG OPERATIONAL PERFORMANCE

MORE CUSTOMERS	HIGHER VOLUMES	MARKET SHARE GAINS
+3.3% CUSTOMER GROWTH	**+2.7%** VOLUME GROWTH	**+R206m** RSA MARKET SHARE GAIN
35m ADDITIONAL CUSTOMER TRANSACTIONS	**7.6bn** PRODUCTS SOLD	**31.7%** RSA MARKET SHARE

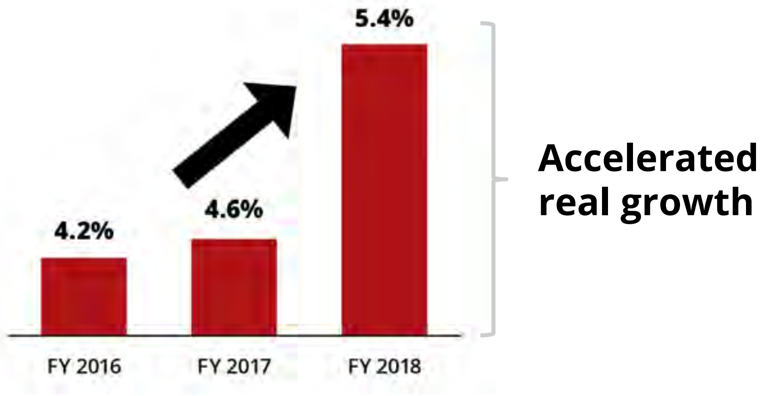
Nielsen: Updated Universe May 2018


147,478
111,338
2013
2014
2015
2016
2017
2018
Shoprite Group Employees per year

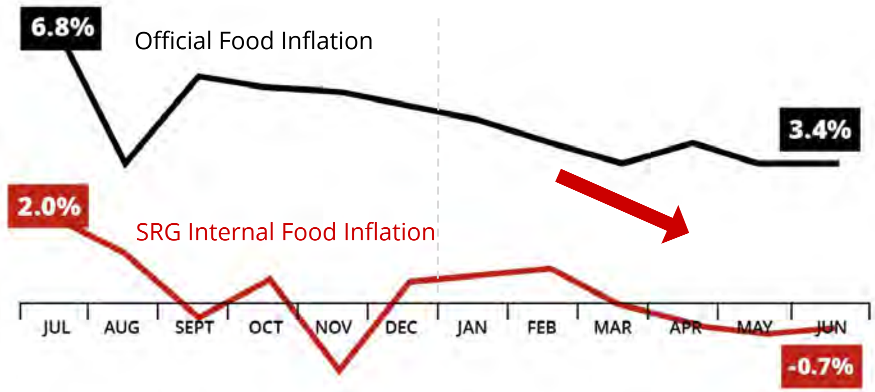

36 140
JOBS CREATED
IN LAST 5 YEARS

RESILIENT RSA GROWTH

- Supermarkets RSA sales growth of 5.7%
  - Lowest selling price inflation in 7 years
  - Down to 0.3% vs. Last Year of 5.9%
  - Market share gain



- Slower Sales growth in H2 (+3.7%)
  - Q4 internal food inflation of -0.7%
  - Centurion DC strike
  - New system teething issues
  - Sugar Tax & Listeriosis
  - VAT absorbed

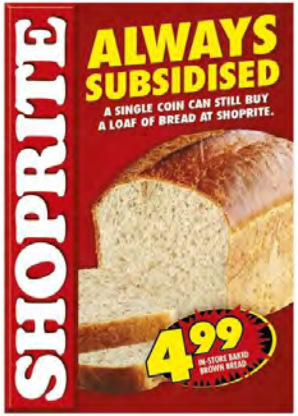


WE DID IT FOR OUR CUSTOMERS

- Shielded customers from R2bn in price increases
- Low price commitment tested in tough conditions:
  - 13,241 products cheaper than last year
  - Dominant share in basics that are in deflation

	-36%	-30%	-25%	-24%	-19%	-13%
June 17	R88.99	R42.99	R39.99	R28.95	R79.99	R79.99
June 18	R56.99	R29.99	R29.99	R21.99	R64.99	R69.99

AFFORDABILITY OBSESSION



LOAVES OF BREAD SUBSIDISED

110 039 061

R5 DELI MEALS

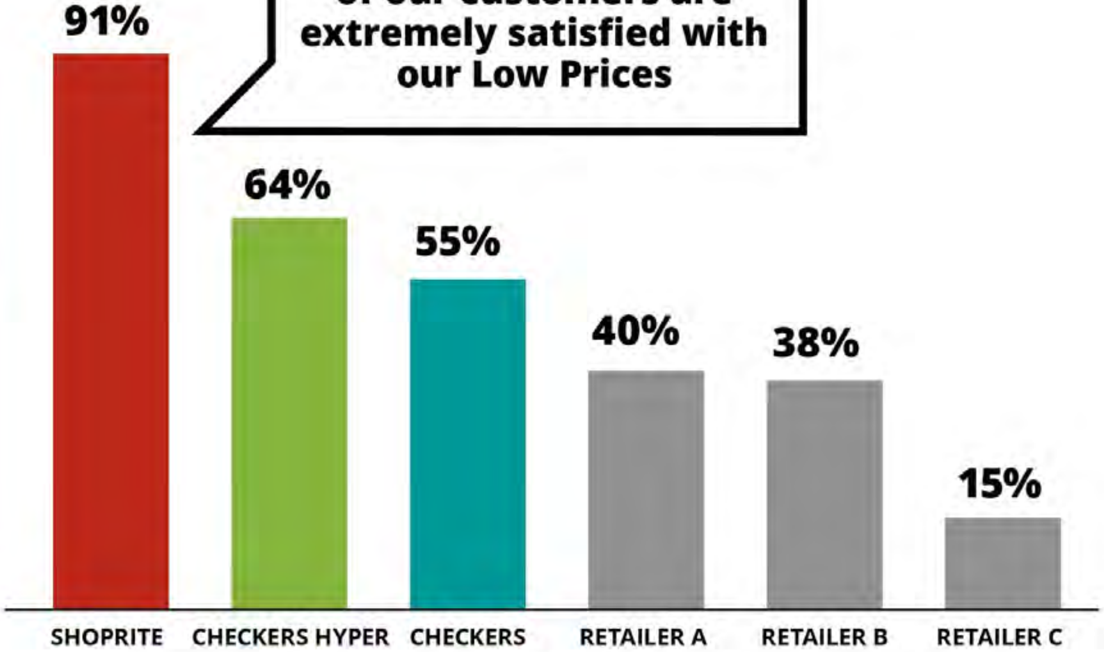
64 815 002

WE DID IT FOR OUR CUSTOMERS

NO. 1 FOR LOW PRICE SATISFACTION

9 out 10

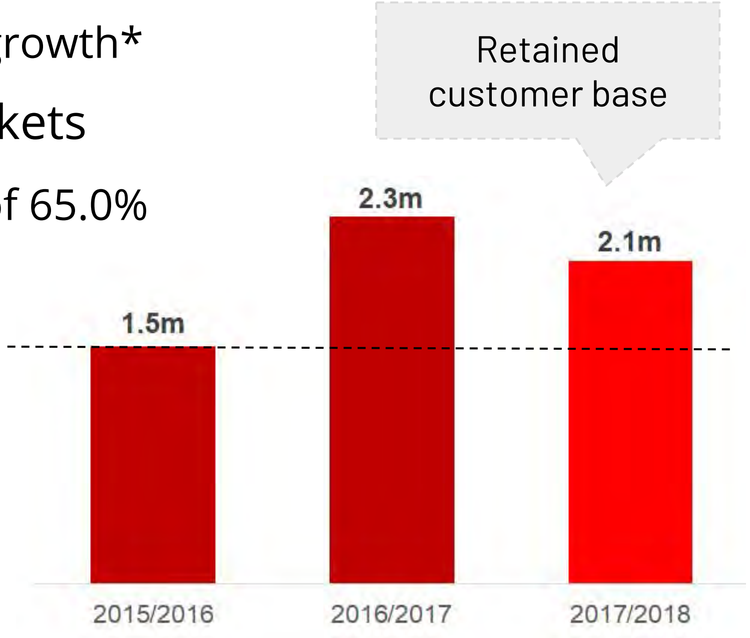
of our customers are extremely satisfied with our Low Prices



Brand Health Tracker **JULY 2018** | n= 1500

NON-RSA LONG-TERM COMMITMENT

- Supermarkets Non-RSA sales decreased 7.0%
  - 13.3 percentage points decline in internal inflation
  - Strong base: 10.3% customers, 33.8% sales growth*
- Decline largely driven by Angolan supermarkets
  - Following a 2-year compound sales growth of 65.0%
- Long term optimism:
  - Non-RSA remains significant and profitable



Angola average monthly customers (2016-2018)

*Sales in constant currency

GROWTH IN COMPLEMENTARY BRANDS

- 440 stores: Largest corporate Liquor retailer
- Opened almost a store a week

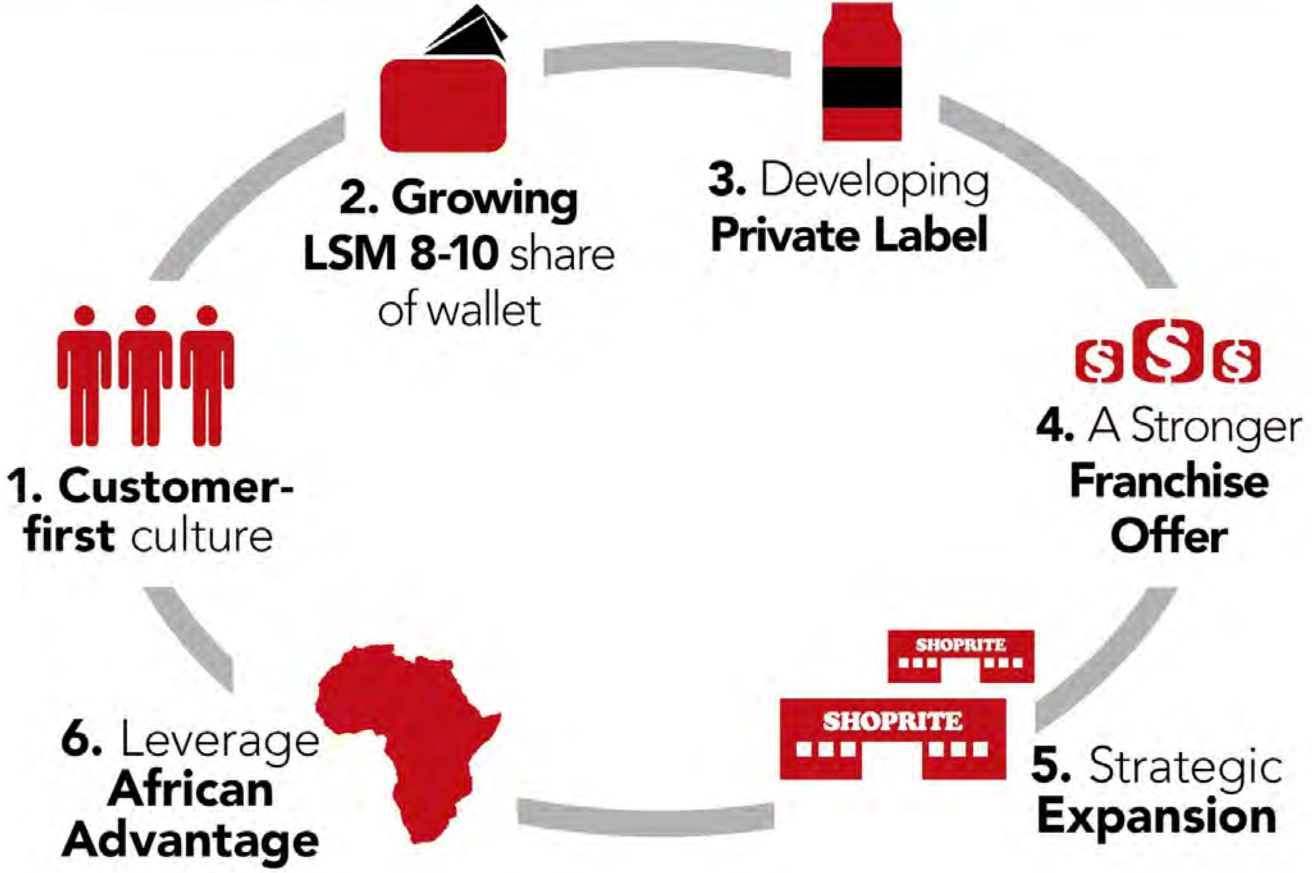
+20.7%
TURNOVER

- Strong revenue growth and profitability doubled
- Refreshed branding and merchandise offer

+9.8%
TURNOVER

STRATEGIC DRIVERS

6 DRIVERS OF GROWTH



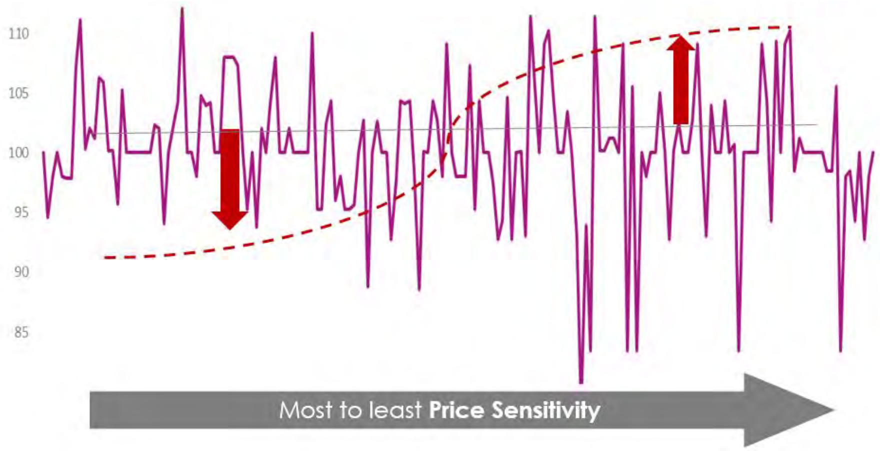
1. CUSTOMER-FIRST CULTURE

OUR PURPOSE

TO BE AFRICA'S MOST ACCESSIBLE RETAILER

CUSTOMER-LED PRICING

Investing more in the products most important to our price sensitive shoppers



2. GROWING LSM 8-10 SHARE OF WALLET

ENHANCE CHECKERS BRAND PERCEPTION

33%

GROWTH IN CHECKERS BRAND TO R6.9BN

BRAND FINANCE

BETTER FRESH

2x

FRESH SALES GROWTH VS. OTHER RETAILERS

+12%

IMPROVEMENT IN CUSTOMER SATISFACTION IN FRESH

GEARING PRODUCT INNOVATION CAPABILITY

4.7x

CONVENIENCE SALES GROWTH VS. OTHER RETAILERS

104

NEW CONVENIENCE PRODUCTS LAUNCHED

ACCELERATING FRESHX STORE UPGRADES

25%

HIGHER CONTRIBUTION FROM UPMARKET BASKETS

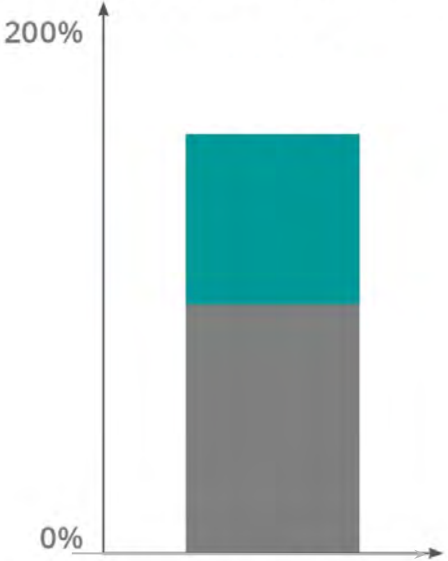
13

FRESHX STORES, TARGET 80

2. GROWING LSM 8-10 SHARE OF WALLET

Checkers RSA continues to outstrip other retailers growth

GAINING SHARE VS. OTHER RETAILERS



Checkers RSA Annual Growth indexed vs. Other Retailers Nielsen 2018

SERVING MORE CUSTOMERS

+670,000

NEW MONTHLY CHECKERS CUSTOMERS SERVED ON AVERAGE
*EXCL HYPERS

3. DEVELOPING PRIVATE LABEL

LOWER PRICES. MORE CHOICE. BETTER MARGIN

- Private Label sales growth 3x store growth
- RSA Participation +1.6 percentage points
- 20 Private label brands over R100m

½ of all new products addressing upmarket choice

Key commodity price points

Lower barriers to entry in upmarket categories

USAVE'S NEW QUALITY RANGE JUST LIKE BIG BRANDS FOR LESS

MONEY BACK GUARANTEE ✓

If you are not completely satisfied with your UBrand purchase, we will refund your money. No questions asked.

BUILDING FOR THE FUTURE

4. STRONGER FRANCHISE OFFER

- Rebranding almost complete, gained market share
- Trading Profit up 12.3%

5. STRATEGIC EXPANSION

- Botswana acquisition, Kenyan market entry
- Cilmor DC fully operational
- Backhauling: Largest supplier to our own DC

6. LEVERAGE AFRICAN ADVANTAGE

2bn Reasons to Believe

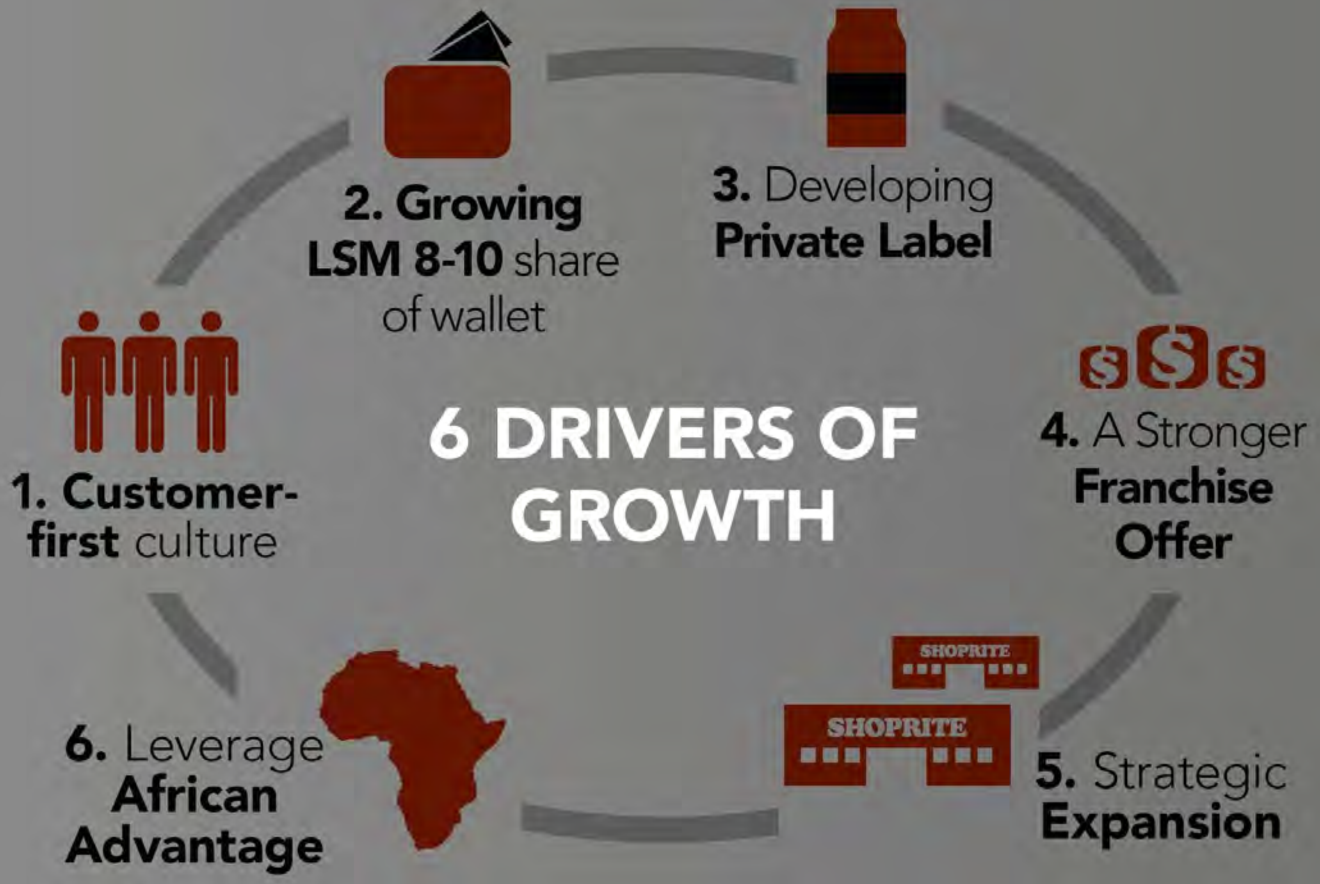
Africa's population growth undeniable: Double in 30 years

World food production: 40 years > previous 10,000 years

Formal food retail remains highly relevant

- Largest store and distribution network
- Voted Africa's #1 Retailer brand*
- 1bn+ transactions, 15 countries

*Brand Africa


2. Growing LSM 8-10 share of wallet
3. Developing Private Label
1. Customer-first culture
6 DRIVERS OF GROWTH
4. A Stronger Franchise Offer
SHOPRITE
SHOPRITE
6. Leverage African Advantage
5. Strategic Expansion


"THE BEST WAY TO
PREDICT THE FUTURE,
IS TO CREATE IT"

PAST PERFORMANCE **DOES NOT GUARANTEE** FUTURE SUCCESS

SCALING INTUITION & CUSTOMER INTIMACY

PURPOSE-DRIVEN INNOVATION

AFRICA'S MOST ACCESSIBLE RETAILER

ESSENTIALS

CHANNELS

LIFESTYLE SOLUTIONS

SPECIALIST CATEGORIES

SERVICES

1M PRODUCTS
ACROSS ALL MAJOR
AFRICAN CITIES AND
ACCESS TO 2,843 STORES

The Shoprite of Africa

ENGINEERING THE **NEXT ERA OF GROWTH**

2018
REPLATFORM

- Single system of record
- Real-time collaboration

SAP Google

2020
OPTIMISE

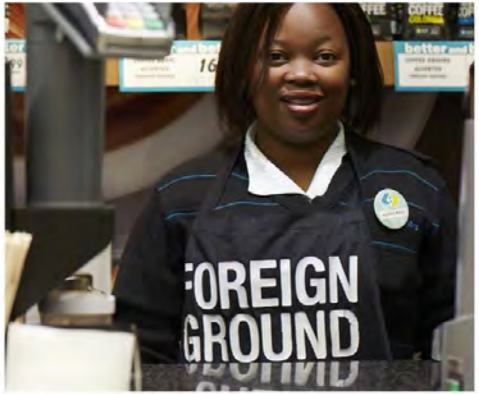
- Precision retailing through AI powered platform
- Sizeable acquisitions

2022
IGNITE

- Fuse scale & agility benefits
- High growth
- Rooted in Africa with a Global impact

ONE TRUTH › **SMARTER DECISIONS** › **GLOBAL COMPETITIVENESS** ›

OUTLOOK



OUTLOOK

- Fight in the short term, invest in the long term
- 88 new supermarkets set to open (18 Non-RSA)
- New Minimum Wage
- What goes down must go up, rising food inflation inevitable

THANK YOU