

Shoprite's overall sales up 14% to R71.3bn

By [Robert Laing](#)

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Whitey Basson ended his run as Shoprite CEO on a high note, the grocery chain's interim results released on Tuesday morning showed.



Shoprite CEO Pieter Engelbrecht

Commentary in the results for the six months to 31 December was given by Pieter Engelbrecht who replaced Basson on 1 January.

Shoprite reported its overall sales for the six months grew 14% to R71.3bn, but after tax profit grew a more moderate 11% to R2.4bn. It raised its interim dividend by 15% to R1.80 from R1.56.

Under Basson, Shoprite was the South African retailer to expand most aggressively into the rest of the continent. Sales outside of SA now account for 20% of the group's total, and grew 32% to R14bn while its domestic sales grew 10% to R57bn during the reporting period.

The rand strengthening against the dollar and various African currencies was bad news for Shoprite, leading to a R188m foreign exchange loss from a R11m foreign exchange profit in the matching period.

"Supermarkets non-RSA, which trades in 14 countries in the rest of Africa and Indian Ocean islands, produced excellent results for the six months, with Angola and Nigeria the top performers. The 221 supermarkets and 13 LiquorShops generated turnover that grew 32.3% from R9.74bn to R12.88bn. During the 12 months a net 22 new supermarkets opened

with another 11 to follow in the second half of the year," Engelbrecht said.

Measured in constant currency, Angolan sales grew 155.4% and Nigerian sales 60.1%.

The results came a day after Shoprite's share price jumped 8.64% to R188 on the news that a proposed merger with Steinhoff - a move desired by the chairman of both groups Christo Wiese but opposed by Basson - had been canned.

No mention was made in the results statement of merger talks with Steinhoff, which were announced on 14 December and [terminated on 20 February](#).

But results from the group's furniture division in its domestic market - where "difficult trading conditions saw sales grow 3.4%, well below budget" - indicate why Shoprite's management was not keen to buy the many South African furniture retailers within the Steinhoff group.

Thanks to strong sales from its 75 furniture stores outside SA, Shoprite's furniture division managed to grow overall sales 10%.

"Once again, the star performer was Angola," the results said.

"To sustain growth both within SA and beyond its borders, the group opened a net 147 new stores during the past 12 months and at the end of the reporting period was trading from 2,653 outlets. This enabled it to create, to our immense satisfaction, 7,144 additional jobs bringing its total staff complement to more than 143,000," Engelbrecht said.

"The widespread drought and its impact on agricultural production, coupled with the high replacement cost of basic food imports, caused internal inflation to increase from 2.7% a year ago to 7.4%, the highest level in several years. To assist price-sensitive consumers and support low prices with value we continued to subsidise those basic foods most affected by price escalations."

Source: BDpro

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