

# Shoprite sales edge forward

By [Ann Crotty](#)

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The Shoprite share price slumped almost 2% after the company released a trading update that pointed to a disappointing performance in the six months to 2 July 2017.



Michael Etersheck via [Business Live](#)

Although the South African operations achieved a credible increase in volumes, supermarkets elsewhere appear to have wiped out much of their strong first-half performance. The trading update prompted one analyst to remark that it seemed former CEO Whitey Basson had timed his departure perfectly. Basson, who had headed the group for 37 years, retired in December.

Retail analyst Syd Vianello said that compared with recent trading updates and results from other retailers Shoprite had done well to report a real, albeit small, increase in sales in SA. "This is likely to have been sufficient to secure Shoprite an increase in market share."

The group said on Tuesday that total turnover had increased 10.4% to about R140.7bn for the 12-month period. However like-for-like turnover was up just 5.8%. At the halfway stage, the group had reported a 14% rise in turnover to R71.3bn.

The group described trading conditions in SA during the second half as "challenging" with the South African supermarket operation increasing sales by 10.1%, or 6.9% on a like-for-like basis. But if internal inflation of 5.9% is stripped out, the

increase is a marginal 1%.

Particularly disappointing for shareholders who have come to expect a strong contribution from Shoprite's non-South African operations was the weak showing there. Non-South African supermarkets recorded sales growth for 52 weeks of 11.7%. The poor showing was attributed to the effect of lower commodity prices and currency devaluations. "This had a material impact on prices of imported products during the latter part of the year," said Shoprite.

On a like-for-like basis sales for the year rose 1%. At the halfway stage, non-South African sales were 14.2% higher on a like-for-like basis. The fourth quarter comparative performance looked particularly bad in Angola, which recorded strong figures for the three months to June 2016.



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Colleen Goko 18 Jul 2017



The Shoprite update follows similarly sluggish performances from other retailers. Woolworths said this week it expected adjusted headline earnings per share for the year to 25 June to fall between 5% and 10%. Massmart warned of a [decline in sales](#).

Vianello said Spar's end March results reflected how tough the trading environment had become with South African sales showing no volume rise. "Shoprite's volume increase in this economy is an exceptionally good performance. It was not just lack of money that hit consumer spending but also lack of confidence. Until the ANC situation is settled at year end it is unlikely to change."

*Source: Business Day*

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