

Shoprite CEO hints at offshore expansion

By [Colleen Goko](#)

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Shoprite Holdings could be expanding abroad, according to CEO Whitey Basson, but he would not be drawn into the nitty-gritty.



Whitey Basson.

Picture: [Business Day](#)

Basson was speaking at the company's full-year results presentation in Cape Town on Tuesday. His comment on expansion comes at a time when market speculation is rife that Shoprite could be snapped up by Steinhoff.

Both companies are chaired by billionaire retail magnate Christo Wiese, who was present at the presentation.

Trade Intelligence MD Maryla Masojada said the comment indicated a tie-up with Steinhoff could be under consideration.

But Electus Fund Managers equity analyst Damon Buss said that while the businesses had Wiese in common, it was unlikely that there would be synergies that could be extracted by combining a food retailer and a furniture retailer. "Hence, we don't expect anything to come of this rumour," he said.

Steinhoff CEO Markus Jooste has previously said that while the two companies are in "different worlds" there is nothing like 'never ever' in the business world".

In the year to end-June 2016, Shoprite reported a 14.4% rise in total turnover to R130bn, while trading profit rose 15% to R7.3bn. Diluted headline earnings per share increased 17% to 899.7c. Shoprite declared a final dividend of R2.96, taking its total dividend for the year to R4.52.

Year to-end June figures received a slight fillip by comparing 53 weeks in its 2016 financial year to 52 weeks in the prior year.

Basson said non-South African stores had pushed Shoprite "into the next level of business. Profits in our non-South African stores exceeded R1bn for the very first time.

"Our rest of Africa operations have now surpassed the total business of some of our local competitors," he said.

36One Asset Management analyst Daniel Isaacs said Angola had been the star performer. "The severe economic pressures and lack of foreign exchange strangled their competition, while they kept up supply of merchandise by financing this business from outside the country. They must just be careful that the money they pour in they can get out one day," Isaacs said.

Buss echoed the sentiment. "We are concerned that some of the goods sold in those non-SA stores had to be funded by the SA balance sheet, exposing Shoprite to similar risks that Nampak is facing, where the income earned from those goods becomes trapped in these countries. Overall, results exceeded expectation".

Source: Business Day

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